

**MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi

A) Independent Auditors' Report On The Consolidated Financial Statements

1- Limited Unqualified Opinion

We have audited the consolidated financial statements of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

According to our opinion, except the effects of the topics mentioned in Basis of Limited Unqualified Opinion part the accompanying consolidated financial statements reflect the Group's consolidated financial statement after 31 December 2021, consolidated financial performance of the accounting period of the same date and consolidated cash flows in accordance with the Turkish Accounting Standards of Turkey realistically with all the important aspects.

2- Basis of Limited Unqualified Opinion

As of 31 December 2021, the Group has a total of TRY 315,268,567 receivables classified under trade and other receivables from Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş. ("Osman Akça"). The portion of TRY 129,889,774 classified under other receivables arises from the sale of Aktur Araç Muayene İstasyonları İşletmeleri A.Ş. shares to Osman Akça, and the receivable is overdue. The Group management has not reflected any provision and additional maturity difference in the accompanying financial statements, assuming that it has not lost its collectability. The effect of this matter on the accompanying consolidated financial statements could not be determined by us.

The buildings in the production facility in Denizli Sarayköy, which accounted for using the revaluation model, ranked as TAS 16, Tangible Fixed Assets standard, currently have a closed area of 172,081 m2 at the attached consolidated financial statements. The parcels subject to appraisal in the production facility are the shared area, occupancy permit certification of the 78,290 m2 part and building registration certification of the 49,450 m2 part thereof are provided, excepting the licencing of the remaining 44,341 m2 part. In case the legal processes of the 49,450 m2 part which have the building registration certificate are carried out, 127,739,67 m2 of the buildings in the production facility will have a legal area and 44.341 m2 of the buildings required to be licensed will remain. Buildings with a fair value of TRY 296,189,000 according to the current situation (TRY 142,100,900, according to the legal status) has been transferred to the attached consolidated financial statements with revaluation model over the current status values by an independent valuation firm accredited by the Capital Markets Board ("CMB") as of 31 December 2021.

The fair value of the machinery, facilities and devices shown in the accompanying consolidated financial statements after being recognized with the revaluation model in IAS 16 Tangible Fixed Assets standard has been determined by an independent valuation firm accredited by the Capital Markets Board ("CMB"). A comparison could not be performed between the book recording order of the machinery, facilities, and devices subject to the valuation and their representations in the valuation report, and we were unable to create an audit opinion within the scope of the paragraphs 8 and A49 of TSA 500.

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (IAS) (of Turkey) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the independent audit evidence we obtained during the independent audit constitutes a sufficient and appropriate basis for our opinion, excluding the issues in the limited positive basis section.

3- Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

For the accounting policies related to recognition of revenue and the details of significant accounting estimates and assumptions used, see Note 2.f Revenue.

Key Audit Matter	How to Perform of Matter in Audit
<p>The main revenue gained by the Group consists of home textiles and farm products sales.</p> <p>Revenue is recognized in the financial statements on an accrual basis over the fair value of the consideration received or receivable as a result of the delivery, the amount of revenue can be reliably measured and it is probable that the economic benefits related to the transaction will flow to the Group. Net sales are presented by subtracted returns, discounts and commissions from sales of goods from sales of goods.</p> <p>Recognition of revenue and profit for the accounting period in which the product is sold depends on an appropriate assessment of whether it relates to the product sales contract. Due to the nature of the operations of the Group, the production is completed and the customer is invoiced but the obligation related to the commercial delivery scheme has not been provided yet, there may be cases where the risk and return are not due to the customer. It is also necessary to make evaluations on the correct turn of the revenue of the products in this situation in accordance with the principle of sales revolutions. Because of the complexity of the commercial contracts, accounting for each case is selected and the recognition of revenue as the key consideration is defined as the recognition of revenue to the financial statements in the right period requires significant considerations.</p>	<p>Our audit procedures for this item include the following:</p> <p>Evaluation of the effectiveness of key internal controls of revenue in the consolidated financial statements:</p> <p>Examination of the risk and return transfers through the sampling method and sales documents obtained for the selected sales transactions to evaluate the appropriateness of the revenue to the accounting policies and the receipt of the financial statements in the appropriate financial reporting period.</p> <p>By examining the provisions of the contracts with the customers regarding the terms of trade and delivery; evaluation of timing of receipt of financial statements for different shipment arrangements.</p> <p>Sending confirmation for selected trade receivables via sampling method and checking compliance with financial statements.</p> <p>Performing analytical observations to determine the existence of unusual operations..</p>

Recoverability of Trade Receivables

Accounting policies related to trade receivables and details of important accounting estimates and assumptions used are included in Note 2.f and Note 6 Trade Receivables.

Key Audit Matter	How to Perform of Matter in Audit
<p>Recoverability of Trade Receivables</p> <p>As of 31 December 2021, trade receivables constitute a significant portion of the consolidated assets of the Group. Furthermore, the assessment of the recoverability of these assets involves significant level of management estimates. Such estimation includes considering the following for each customer-the amount of guarantees/colleteral held, past collection performance, creditworthiness and aging of receivables. The outcome of such esitmates is very sensitive to changes in market conditions. Therefore recoverability of trade receivables is a key matter for our audit.</p> <p>Please refer to Notes 2.f, and Notes 6 to the consolidated financial statements for the Group’s disclosures on trade receivables, including the related accounting policy and risk management policy.</p>	<p>We performed the following procedures in relation to the recoverability of trade receivables;</p> <p>Understanding the process of collection of trade receivables of the Group from non-related parties, evaluating the operational efficiency of internal controls within the process,</p> <p>Evaluating, understanding internal controls related to financial reporting towards credit risk, and testing the efficiency of internal controls,</p> <p>Understanding and evaluating the customer- debt follow-up process managed by the Finance Department,</p> <p>Comparison of collection turnover rate with previous year,</p> <p>Inquiries with management in relation to any disputes with customers or distributors and written inquiries with the Group’s legal counsels on outstanding litigation in relation to trade receivables,</p> <p>Testing of trade receivable balances from non-related parties by sending confirmation letters via sample,</p> <p>Testing of collections made in the following period via sample,</p> <p>As a result of these studies regarding the reusability of non-trade receivables from related parties, there are not any significant findings.</p>

4- Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5- Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

The responsibilities of us independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with IAS (of Turkey) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with IAS (of Turkey), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control,
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

- 1- Auditors report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 8 March 2022.
- 2- In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2021 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting
- 3- In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Dr. Halil İbrahim Yürüdü is the person who carries out this independent audit.

ATA Uluslararası Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Member Firm of Kreston International



Dr. Halil İbrahim Yürüdü
Partner

İstanbul 08 March 2022

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2021
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

ASSETS	Footnote References	<i>Audited</i> Current Period 31.12.2021	<i>Audited</i> Prior Period 31.12.2020
Current Assets		1,454,979,574	1,073,919,767
Cash and Cash Equivalents	4	118,035,517	47,437,939
Trade Receivables		373,941,123	290,476,101
<i>Trade Receivables from Related Parties</i>	5-6	188,541,819	146,771,852
<i>Trade Receivables from Third Parties</i>	6	185,399,304	143,704,249
Other Receivables		161,775,794	139,217,882
<i>Other Receivables from Related Parties</i>	5-8	152,062,297	128,646,738
<i>Other Receivables from Third Parties</i>	8	9,713,497	10,571,144
Derivative Financial Instruments	9	-	173,048
Inventories	10	683,151,692	501,630,684
Biological Assets	11	9,385,653	6,361,162
Prepaid Expenses	12	21,442,802	6,035,201
Current Tax Assets	13	1,868,281	1,143,958
Other Current Assets	22	85,378,712	81,443,792
Non-Current Assets		2,350,372,967	1,601,241,044
Other Receivables	8	142,248	120,830
Investments Valued by Equity Pick-up Method	14	83,566,338	52,953,647
Investment Properties	15	139,757,592	79,365,000
Tangible Assets	16	1,968,553,618	1,391,238,278
Right of Use Assets	17	-	201,736
Intangible Assets	18	17,403,176	13,562,482
Prepaid Expenses	12	1,686,080	1,019,458
Deferred Tax Assets	29	139,263,915	62,779,613
TOTAL ASSETS		3,805,352,541	2,675,160,811

The accompanying notes form an integral part of these financial statements.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2021
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

LIABILITIES	Footnote References	<i>Audited</i> Current Period 31.12.2021	<i>Audited</i> Prior Period 31.12.2020
Current Liabilities		1,674,044,877	972,374,129
Financial Borrowings	7	704,769,579	356,144,492
Current Installments of Long Term Financial Borrowings	7	599,100,695	313,847,115
Trade Payables		293,912,845	232,073,338
<i>Trade Payables to Related Parties</i>	5-6	-	121,754
<i>Trade Payables to Third Parties</i>	6	293,912,845	231,951,584
Employee Benefit Liabilities	21	26,603,146	25,729,497
Other Payables		7,984,705	11,424,477
<i>Other Payables to Related Parties</i>	5-8	3,865,219	5,274,970
<i>Other Payables to Third Parties</i>	8	4,119,486	6,149,507
Derivative Financial Instruments	9	-	94,875
Deferred Income	12	25,968,931	22,238,148
Current Tax Liabilities of Period Profit	29	1,727,939	1,646,995
Current Provisions		13,977,037	9,175,192
<i>Provision for employee benefits</i>	20	9,698,737	6,213,323
<i>Other current provisions</i>	20	4,278,300	2,961,869
Non-Current Liabilities		1,109,201,586	982,184,537
Long Term Borrowings	7	776,793,301	779,971,910
Long Term Provisions		78,630,230	57,822,309
<i>Long Term Provisions for Employee Benefits</i>	20	78,630,230	57,822,309
Deferred Tax Liabilities	29	253,778,055	144,390,318
Equity		1,022,106,078	720,602,145
Parent Company's Equity		1,007,900,874	704,571,173
Paid in Capital	23.1	250,000,000	250,000,000
Inflation Adjustments of Capital	23.2	860,487	485,133
Effect of mergers involving undertakings or businesses subject to common control	23.3	-	(70,487,372)
Accumulated Other Comprehensive Income or Expenses not to be Reclassified on Profit or Loss			
<i>Gains / losses on revaluation and remeasurement</i>			
<i>-Increase / Decrease on Revaluation of Tangible Assets</i>	23.4	1,203,535,433	638,436,962
<i>-Defined Benefit Plans Re-Measurement Gains / (Losses)</i>	23.4	11,386,834	5,377,107
Accumulated Other Comprehensive Income or Expenses to be Reclassified on Profit or Loss			
<i>Share of other comprehensive income of investments accounted for using the equity method that will not be reclassified to profit or loss</i>	23.5	42,649,562	42,649,562
Restricted Reserves		10,340,261	10,147,245
<i>Legal Reserves</i>	23.6	10,340,261	10,147,245
Retained Earnings / Losses	23.7	(243,093,206)	(77,913,133)
Net Profit / (Loss) for the Period	30	(267,778,497)	(94,124,331)
Minority Interests	23.8	14,205,204	16,030,972
TOTAL LIABILITIES AND EQUITY		3,805,352,541	2,675,160,811

The accompanying notes form an integral part of these financial statements.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
STATEMENT FOR THE PERIOD OF 1 JANUARY-31 DECEMBER 2021
(Currency - Turkish Lira 'TRY' unless expressed otherwise)

	Footnote References	<i>Audited</i> Current Period 01.01- 31.12.2021	<i>Audited</i> Prior Period 01.01- 31.12.2020
Revenue	24.1	2,226,845,652	1,823,282,965
Cost of Sales (-)	24.2	(1,857,846,443)	(1,478,990,971)
Gross Profit / (Loss)		368,999,209	344,291,994
General Administrative Expenses (-)	25.3	(44,907,822)	(43,005,652)
Marketing Expenses (-)	25.2	(57,197,885)	(53,371,407)
Research and Development Expenses (-)	25.1	(9,841,817)	(3,552,668)
Other Operating Income	26.1	262,915,782	68,491,630
Other Operating Expenses (-)	26.2	(78,740,443)	(43,999,935)
Operating Profit / (Loss)		441,227,024	268,853,962
Income from Investment Activities	27.1	63,230,986	24,716,714
Expenses from Investment Activities (-)	27.2	(75,260)	(7,754,809)
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	27.3	30,612,691	7,899,827
Operating Activity Profit/(Loss) Before Financial Expense		534,995,441	293,715,694
Financial Income	28.1	119,879,514	24,797,471
Financial Expenses (-)	28.2	(997,114,877)	(428,803,789)
Operating Activity Profit/(Loss) Before Taxation		(342,239,922)	(110,290,624)
Operating Activity Tax Income/(Expense)			
Current Tax Income/(Expense)	29	(1,727,939)	(1,646,995)
Deferred Tax Income/(Expense)	29	78,478,178	19,885,926
Current Period Operating Activity Profit / (Loss)		(265,489,683)	(92,051,693)
Profit/(Loss) for the Period		(265,489,683)	(92,051,693)
Distribution of the Period Income/(Loss)			
Minority Interests	23.8	2,288,814	2,072,638
Parent Company's Shares	30	(267,778,497)	(94,124,331)
Earnings Per Share	30	(1.0711)	(0.3765)
Other Comprehensive Income:			
Income (Expenses) not to be Reclassified on Profit or (Loss)			
- Increases (Decreases) in Revaluation of Tangible Assets	23.4	670,801,435	782,652,561
- Defined Benefit Plans Re-Measurement Gains (Losses)	20	7,573,794	6,794,074
- Revaluation Gain (Loss) on Property of Investments Accounted With Using Equity Method	23.5	-	47,388,402
- Deferred Tax Income / (Expense)	29	(111,381,613)	(138,715,625)
Other Comprehensive Income		566,993,616	698,119,412
Total Comprehensive Income/(Expense)		301,503,933	606,067,719
Distribution of Total Comprehensive Income			
Minority Interests	23.8	(1,825,768)	13,699,603
Parent Company's Shares	30	303,329,701	592,368,116

The accompanying notes form an integral part of these financial statements

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIODS OF
1 JANUARY – 31 DECEMBER 2021 AND 2020
(Currency – Turkish Lira “TRY” unless expressed otherwise.)

	Footnotes	Paid in Capital	Adjustments of Shareholders' Equity	Ortak Kontrolde Tabi Teşebbüs veya İşletmelerin İçeren Birleşmelerin Etkisi	Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss		Accumulated Other Comprehensive Income and Expenses that will be Reclassified to Profit or Loss	Restricted Reserves	Accumulated profits			Parent Company's Equity	Minority Interests	Total Equity
					Effect of Mergers Involving Undertakings or Businesses Subject to Common Control	Increase / (Decrease) on Revaluation of Tangible Assets	Share Of Other Comprehensive Income Of Investments Accounted For Using Equity Method That Will Not Be Reclassified To Profit or Loss		Accumulated Profit/Loss	Net Profit/Loss For The Period				
Balances at 01.01.2020		250,000,000	485,133	(25,567,435)	-	(28,816)	-	10,460,462	(25,858,051)	(13,364,984)	196,126,309	(15,063,956)	181,062,353	
Transfers	23	-	-	-	-	-	-	-	(13,364,984)	13,364,984	-	-	-	
Effect of Mergers Involving Undertakings or Businesses Subject to Common Control		-	-	(44,919,937)	-	-	-	-	-	-	(44,919,937)	(21,607,990)	(66,527,927)	
Transactions With Non-Controlling Shareholders		-	-	-	-	-	-	(313,217)	(38,690,098)	-	(39,003,315)	39,003,315	-	
Total Comprehensive Income/(Loss)		-	-	-	638,436,962	5,405,923	42,649,562	-	-	(94,124,331)	592,368,116	13,699,603	606,067,719	
- Profit/(Loss) for the Period	23	-	-	-	-	-	-	-	-	(94,124,331)	(94,124,331)	2,072,638	(92,051,693)	
- Other Comprehensive Income/(Expense)	23	-	-	-	638,436,962	5,405,923	42,649,562	-	-	-	686,492,447	11,626,965	698,119,412	
Balances at 31.12.2020	23	250,000,000	485,133	(70,487,372)	638,436,962	5,377,107	42,649,562	10,147,245	(77,913,133)	(94,124,331)	704,571,173	16,030,972	720,602,145	
Transfers	23	-	375,354	70,487,372	-	-	-	193,016	(165,180,073)	94,124,331	-	-	-	
Total Comprehensive Income/(Loss)		-	-	-	565,098,471	6,009,727	-	-	-	(267,778,497)	303,329,701	(1,825,768)	301,503,933	
- Profit/(Loss) for the Period	23	-	-	-	-	-	-	-	-	(267,778,497)	(267,778,497)	2,288,814	(265,489,683)	
- Other Comprehensive Income/(Expense)	23	-	-	-	565,098,471	6,009,727	-	-	-	-	571,108,198	(4,114,582)	566,993,616	
Balances at 31.12.2021	23	250,000,000	860,487	-	1,203,535,433	11,386,834	42,649,562	10,340,261	(243,093,206)	(267,778,497)	1,007,900,874	14,205,204	1,022,106,078	

The accompanying notes form an integral part of these financial statements.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIODS OF 31 DECEMBER 2021
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	Footnote References	<i>Audited</i> Current Period 01.01- 31.12.2021	<i>Audited</i> Prior Period 01.01- 31.12.2020
CASH FLOWS FROM THE OPERATING ACTIVITIES		198,570,149	(136,838,074)
Profit/(Loss) for the Period			
Current Period Operating Activity Profit / (Loss)		(265,489,683)	(92,051,693)
Adjustments Related with Net Profit/Loss for The Period		712,360,915	238,551,499
Adjustments for depreciation, amortisation expenses	16-17-18	112,736,262	41,104,875
Adjustments to Impairment (Cancellation)			
- Adjustments to Impairment (Cancellation) in Receivables	6	-	(1,400,168)
- Adjustments to impairment (cancellation) of property, plant and equipment	16		7,754,809
Adjustments related to the provisions			
- Adjustments for employee termination benefits	20-29	26,866,956	14,697,205
- Adjustment for provision for expenses and lawsuits	20	1,316,431	2,524,788
- Adjustment for other provisions or reversals	20	3,485,414	(522,396)
Adjustments for interest income and expenses			
- Adjustments for interest expenses	7-28	2,109,945	2,174,582
- Unearned income from futures sale	26.1	5,428,936	4,465,815
- Deferred financial expense arise from forward purchasing	26.2	(5,366,059)	(5,943,785)
Adjustments for fair value income or loss			
- Adjustments for financial assets fair value losses /(profits)	15	(60,392,592)	(7,086,800)
- Adjustments for financial instruments fair value losses /(profits)	9	78,173	(78,173)
Adjustment for unrealized currency translation differences	7	733,673,559	199,381,351
Adjustments for retained earnings of investments subject to equity pick-up method			
- Adjustment for retained earnings of subsidiaries	27.3	(30,612,691)	6,507
Tax payments/returns	29	(76,963,419)	(18,527,111)
Changes in the Company Capital		(248,382,027)	(284,984,875)
Adjustments for increase/decrease in trade receivables			
- Adjustments for increase/decrease in trade receivables from related parties	5-6	(41,769,967)	(100,735,665)
- Adjustments for increase/decrease in trade receivables from third parties	6	(47,123,991)	(68,566,651)
Adjustments for increase/decrease in other receivables related to the operations			
- Adjustments for increase/decrease in other receivables from related parties related to the operations	5-8	(23,415,559)	(122,279,407)
- Adjustments for increase/decrease in other receivables from third parties related to the operations	8	(3,823,014)	1,907,159
Adjustments for increase/decrease in inventories	10	(181,521,008)	(35,411,752)
Adjustments related to the increase/decrease in biological assets	11	(3,024,491)	(2,546,595)
Adjustments for increase/decrease in prepaid expenses	12	(16,074,223)	32,784,349
Adjustments for increase/decrease in trade payables			
- Adjustments for increase/decrease in trade payables to related parties	5-6	(121,754)	121,754
- Adjustments for increase/decrease in trade payables to third parties	6	67,327,320	(29,254,165)
Increase/decrease in employee benefits liabilities	21	873,649	11,819,336
Adjustments for increase/decrease in other payables related to the operations			
- Adjustments for increase/decrease in other payables from related parties related to the operations	5-8	(1,409,751)	5,189,920
- Adjustments for increase/decrease in other payables from third parties related to the operations	8	(2,030,021)	3,781,568
Increase/decrease in deferred tax	12	3,730,783	18,205,274
Cash Flow from Operating Activities		198,489,205	(138,485,069)
Tax payments/returns	29	80,944	1,646,995

The accompanying notes form an integral part of these financial statements.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIODS OF 31 DECEMBER 2021
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	Footnote References	<i>Audited Current Period 01.01- 31.12.2021</i>	<i>Audited Prior Period 01.01- 31.12.2020</i>
NET CASH FLOW PROVIDED BY INVESTMENT ACTIVITIES		(22,889,125)	(94,207,108)
Cash inflows from sale of subsidiaries that will cause loss of control	14	-	151,575,663
Cash outflows from purchases aiming to gain control of subsidiaries	14	-	(66,527,927)
Proceeds from sale of property, plant, equipment and intangible assets			
- Proceeds from sale of tangible assets	16	815,318	418,846
Proceeds from purchase of property, plant, equipment and intangible assets			
- Proceeds from purchase of tangible assets	16	(23,444,691)	(179,362,721)
- Proceeds from purchase of intangible assets	18	(259,752)	(227,769)
Cash outflows from purchase of investment property	15	-	(83,200)
CASH FLOW PROVIDED BY FINANCIAL ACTIVITIES		(105,083,446)	247,549,617
Cash inflows from financial liabilities			
- Cash inflows from bank loans	7	818,016,972	1,195,814,150
Cash outflows from financial liabilities			
- Cash outflows for bank loans	7	(914,828,807)	(970,479,840)
- Cash outflows from other financial liabilities	7	(221,308)	(650,972)
Cash outflows from finance leases	7	(8,050,303)	22,866,279
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN EXCHANGE CURRENCY DIFFERENCES (A+B+C)		70,597,578	16,504,435
CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE		70,597,578	16,504,435
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	4	47,437,939	30,933,504
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	118,035,517	47,437,939

The accompanying notes form an integral part of these financial statements.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi (“The Company” or “Menderes Tekstil”), its Subsidiaries and Equity participations are referred as “Group” in the accompanying consolidated financial statements.

The entities mentioned below are applied “Full Consolidation Method”:

- Menderes Tekstil Sanayi ve Ticaret A.Ş.
- Smyrna Seracılık Ticaret A.Ş.

The entities mentioned below are applied by “Equity Pick up Method”:

- Aktur İzmir Gayrimenkul A.Ş.

Menderes Tekstil Sanayi ve Ticaret A.Ş.

The Company produces cotton press, electric energy, yarn, fabric, valances, dust ruffles, ruffled and tailored shams, comforter shells, printed towels and linens in integrated cotton and synthetic textile establishment.

The Company address registered on the Trade Registry Gazette is Adalet Mahallesi, Manas Bulvarı, No:47/A 42. Kat Bayraklı, İzmir.

As of 31 December 2021, 3,399 personnel are employed by the Company and average number of personnel is 3,577 for the period of 01.01-31.12.2021.

Company shares are traded in the Borsa Istanbul since 2000.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. and Tan Elektrik Üretim A.Ş. which are owned in all by Menderes Tekstil, merged within Menderes Tekstil with the "Simplified Merger Procedure" method and registered by İzmir Trade Registry Office on 31.03.2021 and published in the Turkish Trade Registry Gazette dated 07.04.2021 and numbered 10304

Production Capacity (Textile)

According to the capacity report from Denizli Industrial Chamber dated 20 April 2020, numbered 174 and valid until 20 April 2022, the Company annual production capacity is as follows: (Companies production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts in a day):

Products	Unit	Quantity
Cotton yarn (is used in its production)	Kg	5,438,718
Raw fabric woven (is used in its production))	m2	59,151,060
Knitted fabric (is used in its production))	Kg	1,004,400
Linens	Kg	19,477,500
Pillow case	Kg	5,670,000
Sheet	Kg	7,218,750
Fabric painting (is used in its production)	Kg	3,744,000
Fabric printing (is used in its production)	Kg	14,121,000
Digital fabric printing (is used in its production)	Kg	1,573,719

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Production Capacity (Energy)

According to the capacity report from Denizli Industrial Chamber dated 05 November 2021, numbered 622 and valid until 05 November 2023, the Company annual production capacity is as follows:

	Unit	Quantity
Electricity energy	Kilowatt hour	161,827,000
Steam (is used in its production)	Joule	617,569,920,000
Hot water (is used in its production)	Joule	238,360,320,000

Information about the Group's power plants in operation, together with its current installed powers, is presented in the table below:

Power plants	Company	Location	Type	Electricity Production Capacity (kW)
<i>Geothermal</i>				
Baklacı	Menderes	Manisa	<i>Geothermal</i>	155,200,000
Tosunlar	Menderes	Denizli	<i>Geothermal</i>	30,456,000
<i>Wind</i>				
Aliğa	Menderes	İzmir	Wind	57,254,400
Bergama	Menderes	İzmir	Wind	75,816,000
<i>Solar</i>				
Sarayköy	Menderes	Denizli	Solar	9,287,600

Smyrna Seracılık Ticaret A.Ş.

Smyrna Seracılık Ticaret A.Ş. was established in 2007 in İzmir. It is engaged in agricultural production. In the Trade Registry Gazette numbered 7296 and dated 21 April 2009, the Company name has been changed from Smyrna Organik Tarım Sanayi ve Ticaret A.Ş. to Smyrna Seracılık Ticaret A.Ş. The Company has been included to the complete consolidation in 2009.

Smyrna Seracılık Ticaret A.Ş. has operated on the existing area which is 197,000 m2.

Capacity Report 1 (Sarayköy)

According to the capacity report from Denizli Industrial Chamber dated 28 May 2021, numbered 293 and valid until 31 May 2023, The Company production capacity is as follows:

Product	Unit	Quantity
Tomato	Ton	6,480

The Company recorded address to the trade registry is Köyiçi Mevkii, Tosunlar Kasabası Sarayköy, Denizli.

As of 31 December 2021, 262 personnel are employed by the Company and the average number of personnel is 276 for the period of 01.01-31.12.2021.

Aktur İzmir Gayrimenkul A.Ş.

Aktur İzmir Gayrimenkul A.Ş. was established by spin-off of Aktur Araç Muayene İşletmeciliği A.Ş. with the resolution of the general assembly published in the Trade Registry Newspaper dated November 23, 2020 and numbered 10208. The company generates rental income from the properties it owns. Head office of the company is in İzmir.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2. a. Basis of Presentation

Compliance Statement

The Group is predicate on Turkish Commercial Code ("TCC"), tax legislation of the Republic of Turkey and the Uniform Chart of Accounts issued by the Ministry of Finance while maintaining its legal accounting records and preparing statutory financial statements. Financial statements, except financial assets and liabilities which are signified by the fair value, on the basis of historical cost in Turkish Lira ("TRY") have been prepared. Financial statements prepared in accordance with the historical cost basis and in order to make fair presentation in accordance with IAS / IFRS, to the legal records required adjustments and reclassifications are reflected. Paid in capital, premiums on shares and restricted reserves in equity are reflected with their statutory accounting records.

The Preparation of Financial Statements

The accompanying consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets”(the Communiqué) announced by the Capital Markets Board (CMB) (hereinafter will be referred to as “the CMB Reporting Standards”) on 13 June 2013 which is published on Official Gazette numbered 28676, also put into place by Public Oversight, Accounting and Auditing Standards Authority(POA). TAS; Turkish Accounting Standards, Turkish Financial Reporting Standards and related annexes and interpretations.

The accompanying financial statements of the Group are prepared in accordance with the CMB's announcement dated 07 June 2013 "Announcements on Financial Statements and Footnote Formats". In addition, The accompanying consolidated financial statements are prepared in accordance with resolution No 30 TAS taxonomy published by POAASA on 2 June 2016 and in accordance with the TAS taxonomy announced by POAASA as current “2019 TFRS including TFRS-15 Revenue from contracts with customers and TFRS-16 Leases on 15 April 2019

Restatement of financial statements during periods of high inflation

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the financial statements of the consolidated financial statements of the Group have been prepared accordingly. As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority (“POA”) on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74,41% according to the Consumer Price Index (“CPI”) rates, it has been stated that entities applying the Turkish Financial Reporting Standards (“TFRS”) are not required to make any restatements in their financial statements for 2021 within the scope of TAS 29 “Financial Reporting in High Inflation Economies”.

Approval of Financial Statements

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 08 March 2022 Boards of Directors have authority to change financial statements.

Currency Measurement and Reporting Currency

As of 31 December 2021 and 2020, Group’s functional and reporting currency unit is represented in TRY compared to previous periods.

Rounding of amounts presented in financial statements

The financial information given in TRY has been rounded to the nearest full TRY value.

Offsetting

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Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the group will continue to generate benefit from its assets and fill its liabilities in the following year under the natural course of its activities based on the assumption of continuity of business.

Basis of Consolidation

The capital structure of subsidiaries and participations are as follows:

Subsidiaries	Consolidation Method	31 December 2021	31 December 2020
Smyrna Seracılık Ticaret A.Ş.	Full Consolidation	79.17%	79.17%
Tan Elektrik Üretim A.Ş. (*)	Full Consolidation	-	100.00%
Akça Enerji Üretim Otoprodüktör Grubu A.Ş. (*)	Full Consolidation	-	100.00%

Consolidation Method	Consolidation Method	31 December 2021	31 December 2020
Aktur İzmir Gayrimenkul A.Ş.	Equity Pick up	48.00%	48.00%

(*) Akça Enerji Üretim Otoprodüktör Grubu A.Ş. and Tan Elektrik Üretim A.Ş. which are owned in all by Menderes Tekstil, merged within Menderes Tekstil with the "Simplified Merger Procedure" method and registered by İzmir Trade Registry Office on 31.03.2021 and published in the Turkish Trade Registry Gazette dated 07.04.2021 and numbered 10304.

Investments in associates are accounted via using equity pick up method. These are entities in which the Group generally holds between 20% and 50% of the voting rights, or where the Group has significant influence, as well as not having control over the operations of the Group.

Subsidiaries are included in consolidation as of the date of transition to the controlling the Group and they are excluded from the scope of consolidation as of the date of completion of the control.

The share of minority shareholders in the net assets and operating results of the Subsidiaries are presented as minority interest in the consolidated balance sheet and income statement.

In the accompanying consolidated financial statements, results of operations and assets and liabilities of associates are accounted for using equity pick up method of accounting. According to equity pick up method, associates in the consolidated financial statements are shown on the basis of the amount obtained by subtracting the cost value from the net assets of the subsidiary after deducting any impairment in the associate. Losses that exceed the share of the Group in the associate are not recognized in the records. Additional loss is due to the fact that the Group has been exposed to legal or implied liability or has made payments on behalf of an affiliate or business partnership.

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As of 31 December 2021 and 31 December 2020, the capital structure of subsidiaries and participations are as follows:

Menderes Tekstil Sanayi ve Ticaret A.Ş. (Parent Company)

	31.12.2021	31.12.2020
	Ratio %	Ratio %
Public Offered Shares	46.78	46.88
Akça Holding A.Ş.	50.83	50.73
Other	2.39	2.39
	%100	%100

Akça Holding A.Ş.(Controlling Shareholder of Menderes Tekstil Sanayi ve Ticaret A.Ş)

	31.12.2021	31.12.2020
	Ratio %	Ratio %
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	53.57	53.57
Rıza Akça	21.67	21.67
Dilek Göksan	10.83	10.83
Ahmet Bilge Göksan	10.83	10.83
Menderes Tekstil Pazarlama A.Ş.	3.10	3.10
	%100	%100

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	31.12.2021	31.12.2020
	Ratio %	Ratio %
Menderes Tekstil Sanayi ve Ticaret A.Ş.	79.17	79.17
Rıza Akça	10.31	10.31
Ahmet Bilge Göksan	5.16	5.16
Dilek Göksan	5.16	5.16
Other	0.20	0.20
	%100	%100

Aktur İzmir Gayrimenkul A.Ş. (Participation)

	31.12.2021	31.12.2020
	Ratio %	Ratio %
Zeybekçi Holding A.Ş.	50.00	50.00
Menderes Tekstil Sanayi ve Ticaret A.Ş.	48.00	48.00
Akça Holding A.Ş.	2.00	2.00
	%100	%100

2.b. Comparative Information and Previous Periods Adjustments

For the purpose of conducting a comparison of financial position and performance trend, Group’s current financial statements are prepared comparative with previous periods. Comparative information is reclassified to be compatible with the presentation of current financial statements, when necessary.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
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2.c. Changes in Accounting Estimates and Errors

The accompanying financial statements necessitate that some predictions about income and expenses regarding possible assets and liabilities in the financial statements prepared by group management to be compatible with statements required by Capital Market Board. Realized amounts can differ from the predictions. These predictions are observed regularly and reported periodically in income statements.

2.d. Changes in Accounting Policies

A group only could change its accounting policy under following circumstances;

- If a standard or interpretation makes it necessary or
- If the change make effect of operations or incidents on financial position and performance or cash flows more appropriate and reliable.

Financial statements have to be comparable to see trends in financial position of companies, performance and cash flows for users of financial statements. Accordingly why, if the change is not granting one of above conditions, each interim and fiscal periods has to be applied same accounting policy.

The accounting policies implemented in the financial statements are same as those implemented in the financial statements as of 31 December 2020 and for the year ended on the same date, except as stated above

2.e. New and revised standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 01 January 2021. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 01 January 2021 are as follows:

Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR), amending the followings. The amendments are effective for periods beginning on or after 01 January 2021.

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

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The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity’s risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

The amendments did not have a significant impact on the financial position or performance of the Group

Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions

In June 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. In 07 April 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before 30 June 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after 01 April 2021. Early application of the amendments is permitted.

Overall, the Group expects no significant impact on its balance sheet and equity.

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Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (2018 Version). The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first time adopters. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a “directly related cost approach”. Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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IFRS 17 - The new Standard for insurance contracts

The POA issued IFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On January 15, 2021, the POA issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to IAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to IAS 8, in which it introduces a new definition of ‘accounting estimates’. The amendments issued to IAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted. Overall, the Group expects no significant impact on its balance sheet and equity

Amendments to IAS 1 - Disclosure of Accounting Policies

In August 2021, the POA issued amendments to IAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to IAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term ‘significant’ in IFRS, the POA decided to replace it with ‘material’ in the context of disclosing accounting policy information. ‘Material’ is a defined term in IFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- TFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other’s behalf.
- TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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2.f. Summary of Significant Accounting Policy

Revenue Recognition

Group recognises revenue based on the following five principles in accordance with the TFRS 15 - “Revenue from Contracts with Customers” standard effective from 1 January 2018.

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

Group evaluates each contracted obligation separately and respective obligations, which are committed to deliver the goods or perform services, are determined as separate performance obligations. Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

The goods or services are transferred when the control of the goods or services is delivered to the customers. Following indicators are considered while evaluating the transfer of control of the goods and services:

- a) presence of Group’s collection right of the consideration for the goods or services,
- b) customer’s ownership of the legal title on goods or services,
- c) physical transfer of the goods or services,
- d) customer’s ownership of significant risks and rewards related to the goods or services,
- e) customer’s acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

Interest Income

Interest income is accrued using the effective interest method which brings the remaining principal amount and expected future cash flows to the net book value of the related deposit during the expected life of the deposit.

Interest and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

Dividend income is recorded as income of the collection right transfer date. Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

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Inventories

Inventories are valued at the lower of cost or net realizable value. Inventory costs include purchasing costs. The unit cost of inventories is determined average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses

Biological Assets

Group's biological assets consist of planted tomatoes. Uncultivated tomatoes are reflected in the consolidated financial statements after the provision for impairment is booked, if there is a decrease in cost due to the absence of an active market.

Tangible Assets

Lands, buildings, land improvements, machineries and equipment are reflected to the consolidated financial statements at fair values that are determined by an independent real estate appraisal company, which is accredited by CMB as of 31 December 2021.

The valuation company used the Market Value Method in determining the fair values of land, land and buildings. The "Market Value and Cost Method" was used to determine the fair values of land improvements and machinery, plant and equipments

The revaluation frequency depends on the differences at the fair values of tangible fixed assets.

If net book value of an asset increases as a result of the revaluation, this increase is recognized at statement of other comprehensive income and presented under the revaluation fund account in the equity. However a revaluation value increase can only be recognized in the profit or loss statement to the extent of impairment recorded in the previous periods for the same asset.

If net book value of an asset decreases during the revaluation, this decrease is recognized as expense. However this decrease can only be recognized as much as all kinds of credit balance about this asset in the revaluation surplus.

The subjected decrease recognized in other comprehensive income, decreases the amount accumulated in equity under revaluation surplus. In the case of sales of revalued building or land, revaluation surplus part of revalued asset is classified to accumulated profit/(loss).

The costs of Tangible fixed assets purchased before 1 January 2005 are restated for the effects of inflation in TRY unit current at 31 December 2005 less accumulated depreciation and impairment losses. The costs of tangible assets purchased after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses.

Tangible fixed assets are carried at cost, less accumulated depreciation. Depreciation is provided on the acquired values of tangible fixed assets on a straight-line method starting from the acquisition date. Repair and maintenance costs are transferred to the related expense account on the date of the charge.

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Economic useful lives of assets approximately are as follows:

	Year
Land improvements	10-40
Buildings	30-50
Machinery, plant and equipments	5-15
Energy facilities	20-25
Motor vehicles	5-10
Fixtures and fittings	3-20

Intangible Assets

Intangible assets are reflected with adjusted cost value according to the inflationary accounting effective for the entries purchased before 01 January 2005 and acquired cost of entries purchased after 01 January 2005 by deducting the accumulated amortization.

Intangible assets comprise acquired usage rights, information systems, research and development expenses and other identified rights. They are recorded at acquisition cost and amortized on a straight-line based on pro-rata over their estimated useful lives for a period not exceeding between 10% and 20% for a year.

Investment Properties

Investment properties are the real estates which are held to earn rental income and/or for capital appreciation. Investment properties are presented in the financial statements at their fair value determined in the revaluation work. Revaluation work was performed by an independent appraisal company accredited by the Capital Market Board. Appreciation or devaluation in the mentioned properties is accounted in the consolidated profit or loss table.

If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply TAS 16 up to the date of change in use. The entity shall treat any difference at that date between the carrying amount of the property in accordance with TAS 16 and its fair value in the same way as a revaluation in accordance with TAS 16.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss in the year of retirement or disposal. A gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises.

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Impairment of Assets

The carrying amounts of the Group’s assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the comprehensive statement of income. The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortisation amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive statement of income.

Right-of-Use Assets

The Group recognises right-of-use assets at the commencement of the lease(i.e, the date of underlying asset is available for use)Right-of-use assets are measured at cost,less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- (a) the amount of lease liabilities recognised,
- (b) lease payments made at or before the commencement date less any lease incentives received.
- (c) initial direct costs incurred.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term,the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease,the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

At the commencement date of the lease,the measurement of the lease liabilities include:

- (a) Fixed payments,
- (b) The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs,
- (c) The amounts expected to be paid by the Group under residual value guarantees.
- (d) The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and
- (e) The payments of penalties for terminating a lease,if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the Group measures the amount of lease liabilities as follows :

- (a) The amount of lease liabilities is increased to reflect the accretion of interest and
- (b) Reduces for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short – term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (ie, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term lease and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of income over the period of the borrowings.

In case of foreign exchange income in the financing activities, the related income is deducted from the total of capitalized financial expenses.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All of the other borrowing costs are recorded in the income statement in the period in which they are incurred.

Foreign exchange differences relating to borrowings, to the extent that they are regarded as an adjustment to interest costs, are also capitalized. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

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Financial Assets

Classification

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition except when the Group's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, the financial assets are reclassified on the first day of the following reporting period.

Recognition and Measurement

“Financial assets measured at amortized cost”, are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group’s financial assets measured at amortized cost comprise “cash and cash equivalents”, “trade receivables” and “financial investments”. Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated.

“Financial assets measured at fair value through other comprehensive income”, are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

“Financial assets measured at fair value through profit or loss”, are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Derecognition

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

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Impairment

Impairment of the financial and contractual assets measured by using “Expected credit loss model” (ECL). The impairment model applies for amortized financial and contractual assets.

Provision for loss measured as below;

- 12 Month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

Trade Receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are measured at amortized cost, using the effective interest rate method,. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

Group has preferred to apply “simplified approach” defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 1 year). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Unearned finance income/expense due to commercial transactions are accounted for under “Other Operating Income/Expenses” in the consolidated statement of income or loss.

The Group collects some of its receivables through factoring. The receivables that are subject to the factoring transaction are deducted from their respective receivables accounts, if the collection risk is undertaken by the Factoring Group. The amounts at Group’s collection risk continue to be transferred to the Consolidated Financial Statements and advances received from the factoring companies are presented as debts from factoring transactions under the "Borrowings" account in the Consolidated Financial Statements.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank deposits with original maturities of more than three months and shorter than 1 year are classified under short-term financial investments.

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Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as equity instruments and other financial liabilities.

Equity instruments

Financial liabilities related to non-controlling share put options are reflected in the financial statements in conformity with their discounted value of them own redemption plan. The discounted value of the financial liability which is the subject of the put option is estimated to be the fair value of the financial asset.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

The Effects of Exchange Rates

Foreign currency transactions are entered in the accounts with current rates in transaction date. Foreign currency assets and liabilities in the balance sheet are converted to the TRY as the rates in the balance sheet date. Foreign exchange and losses are reflected to the financial statements.

Effects of Change in Currency Rate

Assets and liabilities in foreign currency and purchase and sale commitments create exchange risk. Foreign exchange risk stemming from depreciation or appreciation of Turkish Lira managed by top management by following the currency position of the Group and taking position according to approved limits.

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Earnings per Share / (Loss)

The amount of gain / loss per share is calculated by dividing the period gain/ loss of the Group with weighted average share unit in the period.

In Turkey, companies can increase their share capital by making distribution of “bonus shares” to existing shareholders from Inflation adjustment difference in shareholder’s equity. For the purpose of the earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of “bonus shares” issued without corresponding change in resources by giving them retroactive effect for the period in which they were issued and each earlier period.

Investments Subject to Equity Pick-up Method

Equities valued with equity pick-up method are carried at their initial acquisition cost. This amount is accounted by equity pick-up method by restating subject to Group accounting policies calculating the share of Group from the net assets.

Employee Benefits / Severance Pay

Provision for severance pay

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. As of 31 December 2021, such payments are calculated on the basis of 30 days’ pay limited to a maximum of TRY 8,285 (31 December 2020: TRY 7,117) per year of employment at the rate of pay applicable at the date of retirement.

Group used “Projection Method” to calculate the termination benefits and the duration to be completed based on the past experience and discounted with rate of Treasury bond at balance sheet date. The calculated profits and losses are reflected in income statements.

The ratios of the basic assumptions used on the balance sheet date are as follows:

	31.12.2021	31.12.2020
Interest rate	18.00%	%17.25
Inflation rate	13.91%	%12.10
Discount rate	3.59%	%4.59

Social Insurance Premium

Group, pays social security contribution to social security organization compulsorily. So long as the Group pays these premiums, it has no liability. These premiums are reflected as personnel expenses in the period in which they are paid.

An obligation is recorded regarding to vacation payments earned by the employees as a result of their past services. In case of termination of employment, the Group is obliged to pay an amount equal to the amount found by multiplying the daily gross wage on the date of termination of the employment contract and the sum of other contractual benefits with the number of earned but unused vacation days. In this context, the Group records the provision for unused vacation as a long-term benefit obligation provided to employees.

Vacation provision is a short-term employee benefit obligation, measured without discount and expensed in profit or loss as the related service is performed.

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Taxes

Taxes on income for the period comprise current tax and the change in the deferred taxes. The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates enacted by the balance sheet date. Deferred tax is accounted for using the “liability” method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable (statutory) profit. Deferred tax is accounted by temporary differences between the values of assets and liabilities in financial statements using “liability method” and the values of financial statements for the legal purpose. Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit. Net deferred tax assets created from term differences deducted in proportion as tax allowances in conditions of there is no certain information for the coming periods.

Provisions, Conditional Liabilities and Conditional Assets

Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Conditional liabilities and conditional assets

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognized in the financial statements of Group if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

Derivative Financial Instruments and Instruments to Protect from Risk

The Group’s derivative financial instruments include foreign currency forward contracts and interest rate swap transactions.

At the end of valuation, the derived financial instruments which are appreciated with the reasonable value and associated with income statement will be reflected as a result of valuation to the income sheet.

It has been calculated with comparison of the revalued gains and losses in the forward purchase and sale agreements of foreign currency with the foreign exchange spot rate as of balance sheet date and the revalued original amount calculated with linear method with valid foreign exchange spot rate as of starting date of agreements. Amounts related with income statement have been classified as income/ expense accruals under other receivables and other payables in the balance sheet.

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Statement of Cash Flow

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group’s activities. The Group has preferred to present the cash inflows and outflows from operating activities in the financial statements in indirect way.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Subsequent Events

Although subsequent events arise after the explanation of the financial information to the public or any announcement related to profitability, it encloses all the events with balance sheet date and authorization date for the diffusion of the balance sheet. Group adjusts the amounts in the financial statements if there exists any events necessitates adjustment.

Related Parties

In the presence of one of the following criteria, parties are considered as related to the Group,

- (a) Directly, or indirectly through one or more intermediaries, the party,
 - (i) Controls, is controlled by, or is under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) Has an interest in Group that gives it significant influence over the Group; or
 - (iii) Has joint control over the Group;
- (b) The party is an associate of the Group,
- (c) The party is a joint venture, in which the Group is a venture,
- (d) The party is member of the key management personnel of the Group or its parent,
- (e) The party is a close member of the family of any individual referred to in (a) or (d),
- (f) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e),
- (g) The party has a defined benefit plan for the employees of the Group or a related party of the Group

Transactions with related parties are transfer of resources or obligations between related parties, regardless of whether a price is charged. Group interacts with its related parties within the frame of ordinary business activities (Note 5).

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Details of related parties are as follows:

Akça Holding A.Ş. “Akça Holding”

Akça Holding A.Ş. was established in 1994 in İzmir. It is engaged in providing financial support to the group firms.

Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş. “Osman Akça Tarım Ürünleri”

Osman Akça Tarım Ürünleri İthalat ve İhracat San. ve Tic. A.Ş. was established on 25 July 1985. Head quarter of The Company is in İzmir. Main activity is established to process the fruit and agricultural products.

Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. “Akçasaraylı Tekstil”

Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. was established in 1990 in İzmir. It is engaged of the sale of textile products.

A trademark lease contract was made between Menderes Tekstil San. and Tic. A.Ş. and Akça Saraylı Tekstil San. ve Tic. Ltd. Şti. Regarding to this signed contract, Akça Saraylı Tekstil San. ve Tic. Ltd.Şti. is obliged to pay 2% of its annual net sales to Menderes Tekstil San. ve Tic. A.Ş. as a leasing fee. Consequently, Akça Saraylı Tekstil San. ve Tic. Ltd. Şti. leased the trademarks of Mendereshome Store-Menderesstore-Menderestore.

Ak-San Sigorta ve Aracılık Hizmetleri Ltd. Şti. “Aksan Sigorta”

Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti. was established on 13 March 1997. Head quarter of the Company is in İzmir. Main activity is insurance intermediary services.

Related parties that do not have any significant activity with the Group are as follows:

Akçamen Tekstil Sanayi ve Ticaret A.Ş.
Selin Tekstil Sanayi ve Ticaret A.Ş.
Menderes Tekstil Pazarlama A.Ş.
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.
Aktur İzmir Gayrimenkul A.Ş.

Government Grants and Incentives

Government incentives, including non-monetary grants at fair value are included in the consolidated financial statements only if there is reasonable assurance that the Group will fulfill all required conditions and acquire the incentive. A forgivable loan from government is treated as a government grant when it is probable that the entity will meet the terms for forgiveness of the loan.

The Group has an income from insurance premium employer share incentive based on the Labor Law numbered 4857 and Social Insurance and General Health Insurance Law numbered 5510 This incentive granted by government is not collected in cash but deducted from the accrued insurance premiums by treasury. The mentioned incentive income was off set against cost of goods sold in the financial statements.

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22.g. Significant Accounting Estimates and Assumptions

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

Deferred Tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax bases and statutory tax financial statements. Such differences usually arise from the fact that certain income and expense items are included in the tax base amounts and financial statements prepared in accordance with TAS at different periods. The Group has unused tax losses that can be deducted from future profits and deferred tax assets consisting of other deductible temporary differences. The recoverable amount of deferred tax assets partially or fully is estimated under current conditions. During the assessment, future profit projections, losses incurred in the current period, unused losses and other taxable assets are taken into consideration and tax planning strategies that can be used when necessary are taken into account.

As a result of the evaluation, deferred tax assets have been recognized for deferred R&D deductions amounting to TRY 61,983,606 and deferred tax losses amounting to TRY 261,086,031, which were concluded to be utilized within the time allowed by tax laws as of 31 December 2021.

Provision for severance pay

The present value of the retirement pay liability is determined on an actuarial basis using certain assumptions. These assumptions are used in determining the net expense of the termination compensation liabilities and include the rate of reduction. Any change in the underlying assumptions affect the recorded value of the termination indemnity obligation. Actuarial losses and gains are recognized in the statement of comprehensive income in the period in which they are incurred.

The group determines the appropriate reduction rate at the end of each year. This rate is used to calculate the present value of estimated future cash outflows necessary to meet the retirement benefit obligations.

Deferred financing income / expense:

The calculation of the amortized cost of trade receivables and payables by using the effective interest method is based on the expected collection and payment dates of the receivables and payables.

Useful lives:

Tangible and intangible assets are amortised and depreciated on useful lives.

Provisions for litigation:

When setting aside the provision for legal claims the probability of losing the related case and the results to expect to be suffered in the event that the legal counsel of the Group and management of the Group make their best estimates to calculate the provision.

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Investment property impairment:

The Group makes a comparison with the valuation report issued by the licensed real estate valuation company at Capital Market Board when evaluating as to whether any indication that there is a decrease in the value of the investment properties.

Distinction of tangible assets and Investment properties:

The Group has classified the properties which it owns and rented as investment properties

Fair value measurements of land and buildings

Lands, buildings and land improvements are revaluated to their fair values in accordance with TAS 16, Property, Plant and Equipment by Rota Taşınmaz Değerleme ve Danışmanlık A.Ş. and Metas Gayrimenkul Değerleme ve Danışmanlık Anonim Şirketi, an organization accredited to the CMB. (Note 16)

Fair value measurements of property, plant and equipment

Machinery, plant and equipments are revaluated to their fair values in accordance with TAS 16, Property, Plant and Equipment by LAL Gayrimenkul Değerleme ve Danışmanlık Anonim Şirketi and Aden Gayrimenkul Değerleme ve Danışmanlık Anonim Şirketi, an organization accredited to the CMB. (Note 16)

The estimates used are shown in the relevant accounting policies or footnotes.

2.h. Segment Reporting

The Group has three business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These divisions are; textile (Menderes Tekstil), agriculture sector (Menderes Tekstil and Smyrna) and energy sector (Akça Enerji and Tan Elektrik) . These segments are managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns. When evaluating the segments’ performance, Group Management is utilizing the financial statements prepared in accordance with TFRS (Note 3).

Operating segments are reported in a manner consistent with the reporting provided to the Group’s chief operating decision-maker. The Group’s chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its profit or loss is 10% or more of the combined profit or loss or its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

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2.i. Accounting of Business Mergers under Common Control

At the meeting of the Board of Directors dated 28.12.2020, The Company purchased the share that a total nominal value of TRY 12,008,000 with a price of TRY 3.87 per share in other partners of Tan Elektrik Üretim A.Ş. (Tan Elektrik); one of the subsidiaries of Company. The Company purchased the share that a total nominal value of TRY 9,599,990 with a price of TRY 2.09 per share in other partners of Akça Enerji Üretim Otoprodüktör Grubu A.Ş. ("Akça Enerji"); one of the other subsidiaries of Company. The per share prices is stated in Valuation Report prepared by DRT Kurumsal Finans Danışmanlık Hizmetleri A.Ş. an authorized institution within the framework of Capital Markets Board (CMB) regulations.

A total of TRY 46,473,376 was paid for the shares of Tan Elektrik with a nominal value of TRY 12,008,000 in other partners and a total of TRY 20,054,551 was paid for shares with a nominal value of TRY 9,599,990 in other shareholders of Akça Enerji. In this way, total purchase price of TRY 66,527,927 has been paid. With this transaction, the direct share of the Group in Tan Elektrik and Akça Enerji increased to 100%.

Group evaluate the purchasing transaction by method “combination of rights” within the frame of “Accounting of Business Combinations Under Common Control” oriented resolution (2013-2) Applying the Turkish Accounting Standards published by Public Oversight Accounting and Auditing Standards Authority. Group reorganize consolidate financial statements as if actualize purchasing transaction as start of reporting period that occurred common control and Group rendered consolidate financial statements as comparative dating from start of reporting period. Goodwill or negative goodwill is not calculated as a result of these transactions. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired Group is directly accounted under shareholder’s equity as effect of combinations including business subject to common control.

Akça Enerji Üretim Otoprodüktör Grubu A.Ş. and Tan Elektrik Üretim A.Ş. which are owned in all by Menderes Tekstil, merged within Menderes Tekstil with the "Simplified Merger Procedure" method and registered by İzmir Trade Registry Office on 31.03.2021 and published in the Turkish Trade Registry Gazette dated 07.04.2021 and numbered 10304.

Regarding the Accounting of Business Combinations Under Common Control, according to Article 11 of the Public Oversight, Accounting and Auditing Standards Authority’s (KGK) Principle Decision No. 2018/1 on the Implementation of Turkish Financial Reporting Standards;

In the event that the acquired entity ceases to exist as a result of a business combination under common control or is incorporated into the acquirer, or in the event that such a situation arises later or the subsidiary is subsequently dissolved, the amounts in the "Effect of Mergers Involving Joint Control Enterprises or Businesses" are the amounts in which the event occurred. It is closed by transferring to the "Previous Years Profits/Losses" account in equal installments within a maximum of 5 accounting periods starting from the accounting period.

Based on the relevant decision, the Group Management, Akça Enerji Üretim Otoprodüktör Grubu A.Ş., which was accounted for in the "Effect of Mergers Including Joint Control Enterprises or Businesses" and was dissolved as of 2021. and Tan Elektrik Üretim A.Ş. decided to reclassify the total amount of TRY (70,487,372) TRY belonging to the "Retained Earnings / Losses" account in 2021.

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NOTE 3 – SEGMENT REPORTING

31 December 2021	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Revenue	1,453,726,851	554,964,073	218,784,822	(630,094)	2,226,845,652
Cost of Sales (-)	(1,245,945,668)	(514,635,649)	(98,460,013)	1,194,887	(1,857,846,443)
GROSS PROFIT/LOSS	207,781,183	40,328,424	120,324,809	564,793	368,999,209
General Administrative Expenses (-)	(40,577,223)	(1,664,004)	(2,928,345)	261,750	(44,907,822)
Marketing Expenses (-)	(55,950,051)	(1,247,834)	-	-	(57,197,885)
Research and Development Expenses (-)	(9,841,817)	-	-	-	(9,841,817)
Other Operating Income	166,739,584	96,821,420	186,460	(831,682)	262,915,782
Other Operating Expenses (-)	(66,877,409)	(11,527,112)	(341,061)	5,139	(78,740,443)
OPERATING PROFIT/LOSS	201,274,267	122,710,894	117,241,863	-	441,227,024
Income from Investing Activities	63,230,986	-	-	-	63,230,986
Expenses from Investment Activities (-)	(71,743)	(3,517)	-	-	(75,260)
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	30,612,691	-	-	-	30,612,691
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES	295,046,201	122,707,377	117,241,863	-	534,995,441
Financial Income (+)	115,024,025	1,236,424	4,915,590	(1,296,525)	119,879,514
Financial Expenses (-)	(643,665,282)	(1,883,729)	(352,862,391)	1,296,525	(997,114,877)
OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION	(233,595,056)	122,060,072	(230,704,938)	-	(342,239,922)
Operating Activity Tax Income / (Expense)					
- Income/Expense Tax for the period	-	(1,727,939)	-	-	(1,727,939)
- Deferred Tax Income/Expense	72,953,465	5,524,713	-	-	78,478,178
PROFIT/(LOSS) FOR THE PERIOD	(160,641,591)	125,856,846	(230,704,938)	-	(265,489,683)

31 December 2020	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Revenue	1,297,382,479	375,556,828	150,890,070	(546,412)	1,823,282,965
Cost of Sales (-)	(1,078,358,807)	(337,868,845)	(63,370,319)	607,000	(1,478,990,971)
GROSS PROFIT/LOSS	219,023,672	37,687,983	87,519,751	60,588	344,291,994
General Administrative Expenses (-)	(39,047,841)	(1,129,840)	(3,079,656)	251,685	(43,005,652)
Marketing Expenses (-)	(52,021,155)	(1,350,926)	-	674	(53,371,407)
Research and Development Expenses (-)	(3,552,668)	-	-	-	(3,552,668)
Other Operating Income	49,644,778	17,550,354	1,642,232	(345,734)	68,491,630
Other Operating Expenses (-)	(34,191,085)	(7,554,416)	(2,287,221)	32,787	(43,999,935)
OPERATING PROFIT/LOSS	139,855,701	45,203,155	83,795,106	-	268,853,962
Income from Investing Activities	24,716,714	2,468,325	14,313,059	(16,781,384)	24,716,714
Expense from Investing Activities (-)	-	-	(7,754,809)	-	(7,754,809)
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	7,899,827	-	-	-	7,899,827
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES	172,472,242	47,671,480	90,353,356	(16,781,384)	293,715,694
Financial Income (+)	26,957,219	99,588	1,776,520	(4,035,856)	24,797,471
Financial Expenses (-)	(274,794,166)	(1,471,453)	(156,574,026)	4,035,856	(428,803,789)
OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION	(75,364,705)	46,299,615	(64,444,150)	(16,781,384)	(110,290,624)
Operating Activity Tax Income / (Expense)					
- Income/Expense Tax for the period	-	(1,646,995)	-	-	(1,646,995)
- Deferred Tax Income/Expense	11,142,648	574,729	8,168,549	-	19,885,926
PROFIT/(LOSS) FOR THE PERIOD	(64,222,057)	45,227,349	(56,275,601)	(16,781,384)	(92,051,693)

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31 December 2021	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Total Assets	2,599,606,099	440,064,591	839,774,053	(74,092,202)	3,805,352,541
Total Liabilities	1,743,313,276	257,009,071	785,584,997	(2,660,881)	2,783,246,463
Assets by Segments					
Investment Property	139,757,592	-	-	-	139,757,592
Total Tangible Assets (Net Book Value)	1,072,343,752	56,460,284	839,749,582	-	1,968,553,618
Total Intangible Assets (Net Book Value)	17,367,011	11,694	24,471	-	17,403,176
Purchases of Tangible and Intangible Assets	19,022,132	4,207,669	474,642	-	23,704,443
Depreciation Expenses	69,038,562	7,010,507	36,687,193	-	112,736,262
Detail of the Group's foreign currency assets and liabilities by segments					
Total Assets	447,241,447	10,122,344	-	-	457,363,791
Total Liabilities	1,307,477,755	57,133	785,584,997	-	2,093,119,885
Net Foreign Currency Asset/ Liabilities	(860,236,308)	10,065,211	(785,584,997)	-	(1,635,756,094)
Detail of the Group's financial liabilities by division in currency					
Financial Payables	1,278,763,824	16,314,754	785,584,997	-	2,080,663,575
- USD	472,853,339	-	151,566,092	-	624,419,431
- EUR	676,824,033	-	634,018,905	-	1,310,842,938
- TRY	129,086,452	16,314,754	-	-	145,401,206
Export	1,179,285,799	58,374,320	-	-	1,237,660,119
İmport	566,037,122	1,685,770	-	-	567,722,892
Total Debt	1,743,313,276	257,009,071	785,584,997	(2,660,881)	2,783,246,463
Cash Equivalents	(113,756,607)	(4,278,910)	-	-	(118,035,517)
Net Debt	1,629,556,669	252,730,161	785,584,997	(2,660,881)	2,665,210,946
Total Equity	910,481,879	183,055,520	-	(71,431,321)	1,022,106,078
Total Capital	2,540,038,548	435,785,681	785,584,997	(74,092,202)	3,687,317,024
Net Debt/Total Capital Ratio	64.15%	57.99%	100.00%	-	72.28%

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31 December 2020	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Total Assets	2,077,351,292	409,281,549	652,771,125	(464,243,155)	2,675,160,811
Total Liabilities	1,332,687,606	297,054,191	609,628,703	(284,811,834)	1,954,558,666
Assets by Segments					
Investment Property	79,365,000	-	-	-	79,365,000
Total Tangible Assets (Net Book Value)	739,880,307	85,825,217	565,532,754	-	1,391,238,278
Right of Use Assets (Net Book Value)	201,736	-	-	-	201,736
Total Intangible Assets (Net Book Value)	13,503,076	18,970	40,436	-	13,562,482
Purchases of Tangible and Intangible Assets	67,547,084	2,149,952	109,893,454	-	179,590,490
Purchases of Investment Property	83,200	-	-	-	83,200
Depreciation Expenses	20,944,399	2,425,106	17,735,370	-	41,104,875
Detail of the Group's foreign currency assets and liabilities by segments					
Total Assets	258,741,473	6,428,390	5,329,333	-	270,499,196
Total Liabilities	856,167,039	182,065	515,633,216	-	1,371,982,320
Net Asset / (Liability) Position of Foreign Currency Derivative Instruments Out of the Statement of Financial Position	2,008,173	-	-	-	2,008,173
Net Foreign Currency Asset/ Liabilities	(595,417,393)	6,246,325	(510,303,883)	-	(1,099,474,951)
Detail of the Group's financial liabilities by division in currency					
Financial Payables	922,511,187	12,360,030	515,092,300	-	1,449,963,517
- USD	96,505,996	-	111,697,426	-	208,203,422
- EUR	660,353,507	-	403,394,874	-	1,063,748,381
- TRY	165,651,684	12,360,030	-	-	178,011,714
Export	1,142,107,357	34,121,719	-	-	1,176,229,076
İmport	366,090,751	2,573,401	79,350,532	-	448,014,684
Total Debt	1,332,687,606	297,054,191	609,628,703	(284,811,834)	1,954,558,666
Cash Equivalents	(41,750,588)	(297,527)	(5,389,824)	-	(47,437,939)
Net Debt	1,290,937,018	296,756,664	604,238,879	(284,811,834)	1,907,120,727
Total Equity	744,663,686	112,227,358	43,142,422	(179,431,321)	720,602,145
Total Capital	2,035,600,704	408,984,022	647,381,301	(464,243,155)	2,627,722,872
Net Debt/Total Capital Ratio	63.42%	72.56%	93.34%		72.58%

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Information On The Geographical Region

On a country basis distribution of revenue obtained from the Group’s textile sector export activities are as follows:

Region	01.01.- 31.12.2021	01.01.- 31.12.2020
Germany	40%	47%
U.S.A.	18%	21%
Italy	11%	8%
Netherlands	9%	8%
England	6%	3%
France	3%	3%
Poland	2%	2%
Russia	2%	2%
Switzerland	1%	1%
Spain	1%	1%
Other	7%	4%
	100%	100%

Information About Major Clients

The sales activities of the Group are determined according to fluctuations in the domestic and overseas markets and competition conditions. It is taken care of to not to concentrate on a specific sector, country, person and Group in terms of dissolving risks. Even so, as of 31 December 2021, the share of the largest buyer in the revenue from textile sector operations is 36.76% (31 December 2020: 46.25%). The customer mentioned is a major international supplier and the commercial relation between the customer and the Group has been maintained for many years.

The share of the largest buyers in the revenue from agriculture sector operations is 89.72%. (31 December 2020: 89.71%) Domestic sales of dried fruits (grape, fig and apricot) produced by Menderes as subcontractors are made in accordance with the "Sales Agreement" signed between Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş., the related party of the Group and Osman Akça exports these products to different customers abroad.

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NOTE 4 – CASH AND CASH EQUIVALENTS

As of 31 December 2021 and 2020 the details of cash and cash equivalents are as follows:

	31.12.2021	31.12.2020
Cash	241,638	118,977
Banks	117,793,879	47,318,962
<i>Demand deposits</i>	26,556,472	38,959,439
<i>Time deposits</i>	91,237,407	8,359,523
	118,035,517	47,437,939

As of 31 December 2021 and 2020 maturity schedule of time deposits in the cash and cash equivalents are as follows:

	31.12.2021	31.12.2020
Within 1 month	91,237,407	8,359,523
	91,237,407	8,359,523

As of 31 December 2021, effective interest rates of time deposits in TRY 18.80% and for USD 0.10% and EUR 0.05% for GBP 0.05% (31 December 2020: TRY 19.38 %)

As of 31 December 2021, there is no deposit pledge on the Group's bank deposits. (31 December 2020 : None.)

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NOTE 5 – RELATED PARTY TRANSACTIONS

i) Due from / to related parties:

a) Trade receivables from related parties (Note 6):

	31.12.2021	31.12.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	185,378,793	147,033,353
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	4,485,870	1,660,298
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	21,600	-
Menderes Tekstil Pazarlama A.Ş.	7,431	-
Akçamen Tekstil A.Ş.	1,986	4,716
Selin Tekstil Sanayi ve Ticaret A.Ş.	-	3,539
Unearned Interests	(1,353,861)	(1,930,054)
	188,541,819	146,771,852

b) Trade payables to related parties (Note 6):

	31.12.2021	31.12.2020
Menderes Tekstil Pazarlama A.Ş.	-	122,761
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	-	3,007
Unearned Interests	-	(4,014)
	-	121,754

c) Other receivables from related parties (Note 8):

	31.12.2021	31.12.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş. (*)	129,889,774	128,646,738
Akça Holding A.Ş.	357,921	-
Rıza Akça	21,814,602	-
	152,062,297	128,646,738

(*) It consists of the receivable with a due date of 31 December 2021 after the transfer of the shares of Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş. and the said receivable is overdue.

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d) Other payables to related parties (Note 8):

	31.12.2021	31.12.2020
Rıza Akça	-	85,050
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	325,324
Selin Tekstil Sanayi ve Ticaret A.Ş.	3,617,418	3,738,573
Akça Holding A.Ş.	-	889,051
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	247,801	236,972
	3,865,219	5,274,970

ii) Major sales to related parties and major purchases from related parties:

a) Sales to related parties:

	01.01.- 31.12.2021	01.01.- 31.12.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	497,946,033	337,994,350
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	10,389,784	3,310,728
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	91,774	130
	508,427,591	341,305,208

b) Purchases from related parties:

	01.01.- 31.12.2021	01.01.- 31.12.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	73,511,829	54,801,993
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	40,159	15,449
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	5,568	5,921
Menderes Tekstil Pazarlama A.Ş.	2,542	-
	73,560,098	54,823,363

c) Fixed asset purchases from related parties:

	01.01.- 31.12.2021	01.01.- 31.12.2020
Menderes Tekstil Pazarlama A.Ş.	-	80,000
	-	80,000

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a) Participation sales to related parties:

	01.01.- 31.12.2021	01.01.- 31.12.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	176,000,000
	-	176,000,000

iii) Other income and expenses resulting from transactions with related parties:

a) Benefits provided to senior management (Member of the board of directors, general manager and deputy general manager), gross:

	01.01.- 31.12.2021	01.01.- 31.12.2020
Benefits provided to senior management	1,845,549	1,200,988
	1,845,549	1,200,988

b) Service expenses paid to related parties:

	01.01.- 31.12.2021	01.01.- 31.12.2020
Akça Holding A.Ş.	756,294	1,034,115
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	2,609,957	1,978,808
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	126,504	97,563
	3,492,755	3,110,486

c) Rent income from related parties:

	01.01.- 31.12.2021	01.01.- 31.12.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	193,032	175,200
Akça Holding A.Ş.	163,032	145,200
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	146,856	130,800
Menderes Tekstil Pazarlama A.Ş.	6,732	6,000
Akçamen Tekstil Sanayi Ticaret A.Ş.	6,732	6,000
Akça Solar Enerji Üretim Sanayi ve Ticaret A.Ş.	-	3,000
	516,384	466,200

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d) Service income from related parties:

	01.01.- 31.12.2021	01.01.- 31.12.2020
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	391,350	204,084
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	41,102	240,653
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	-	58,750
Menderes Tekstil Pazarlama A.Ş.	-	1,134
Akça Holding A.Ş.	8,085	-
	440,537	504,621

e) Foreign exchange income from related parties (Note 26.1):

	01.01.- 31.12.2021	01.01.- 31.12.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	50,325,644	16,510,908
	50,325,644	16,510,908

f) Maturity difference received from related parties (Note 26.1):

	01.01.- 31.12.2021	01.01.- 31.12.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	981,956	146,745
	981,956	146,745

g) Interest income from related parties (Note 28.1):

	01.01.- 31.12.2021	01.01.- 31.12.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	14,315,502	1,408,587
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	24,388	133,566
Akça Holding A.Ş.	110,206	99,495
	14,450,096	1,641,648

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h) Foreign exchange paid to related parties (Note 26.2):

	01.01.- 31.12.2021	01.01.- 31.12.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	8,126,138	267,454
	8,126,138	267,454

i) Interest expences paid to related parties(Note 28.2):

	01.01.- 31.12.2021	01.01.- 31.12.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	1,354,221	1,110,786
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	42,736	-
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	-	2,548
Akça Holding A.Ş.	17,214	32,042
	1,414,171	1,145,376

j) Purchases of participations from related parties:

	01.01.- 31.12.2021	01.01.- 31.12.2020
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	47,448,274
Akça Holding A.Ş.	-	13,196,532
Selin Tekstil Sanayi ve Ticaret A.Ş.	-	3,247,451
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	282,588
Rıza Akça	-	1,176,541
Ahmet Bilge Göksan	-	588,271
Dilek Göksan	-	588,270
	-	66,527,927

k) Other income from related parties:

	01.01.- 31.12.2021	01.01.- 31.12.2020
Rıza Akça	21,334,074	-
	21,334,074	-

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NOTE 6 – TRADE RECEIVABLES AND TRADE PAYABLES

Short Term Trade Receivables

	31.12.2021	31.12.2020
Trade receivables	154,319,840	124,720,747
Cheques and notes	2,905,936	2,260,644
Unearned interest on trade receivables	(506,151)	(985,119)
Doubtful trade receivables	494,770	425,842
Provision for doubtful receivables (-)	(494,770)	(425,842)
Income accruals	28,679,679	17,707,977
Trade Receivables From Third Parties	185,399,304	143,704,249
Trade receivables from related parties (Note 5)	189,815,386	148,612,837
Income accruals from related parties (Note 5)	80,294	89,069
Unearned interests on related party receivables (Note 5)	(1,353,861)	(1,930,054)
Trade Receivables From Related Parties	188,541,819	146,771,852
Total Short-Term Trade Receivables	373,941,123	290,476,101

As of 31 December 2021, the average maturity of trade receivables are 54 days. (31 December 2020: 41 days).

Maturity schedule of notes receivables as of 31 December 2021 and 2020 are as follows:

	31.12.2021	31.12.2020
1-30 days	-	83,813
31-60 days	2,255,414	478,000
61-90 days	199,935	257,245
91-120 days	199,935	542,250
121-150 days	250,652	491,503
151-180 days	-	370,555
181-210 days	-	25,000
211-240 days	-	12,278
	2,905,936	2,260,644

As of 31 December 2021 and 2020 provision for doubtful receivables movement schedule is as follows:

	31.12.2021	31.12.2020
Opening balance	425,842	65,554
Collections made during the period	68,928	360,288
Closing Balance	494,770	425,842

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Short Term Trade Payables

	31.12.2021	31.12.2020
Trade payables	227,057,364	177,821,420
Notes payables	28,809,259	30,719,504
Unearned interests on payables	(2,513,763)	(3,502,033)
Expense accruals	40,559,985	26,912,693
Trade Payables To Third Parties	293,912,845	231,951,584
Payables to related parties (Note 5)	-	125,768
Unearned interests on notes payables to related parties (Note 5)	-	(4,014)
Trade Payables to Related Parties	-	121,754
Total Short Term Trade Payables	293,912,845	232,073,338

As of 31.12.2021 ,the average maturity of trade payables are 51 days. (31 December 2020: 61 days).

As of 31 December 2021, the surety bond amounting to USD 9,430,990 (TRY 125,932,012) and EUR 344,139 (TRY 5,201,275) were given for trade payables of the Group by bank. (31.12.2020: USD 8,700,032 (63,862,584 TRY) and EUR 186,504 (1,680,008 TRY)) (Note 19).

As of 31 December 2021 and 2020 maturity breakdown of notes payables are as follows:

	31.12.2021	31.12.2020
1 – 30 days	13,868,356	16,922,884
31 – 60 days	10,562,008	7,995,011
61 – 90 days	4,220,614	5,645,399
91 – 120 days	158,281	156,210
	28,809,259	30,719,504

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NOTE 7 – FINANCIAL BORROWINGS

	31.12.2021	31.12.2020
Short Term Borrowings:		
TRY borrowings	73,806,298	53,188,675
USD borrowings	357,308,110	29,464,772
EUR borrowings	273,585,903	273,405,266
Credit card liabilities (TRY)	69,268	85,779
Short Term Financial Borrowings	704,769,579	356,144,492
Lease Payables:		
TRY lease payables, net	4,527,682	3,909,971
EUR lease payables, net	1,180,347	4,654,414
Operating lease payable:		
Operating lease payables, net	-	221,308
Bank Borrowings:		
TRY borrowings	35,081,041	53,005,368
USD borrowings	139,162,322	28,916,315
EUR borrowings	419,149,303	223,139,739
Current Installments of Long-Term Borrowings	599,100,695	313,847,115
Long Term Lease Payables:		
TRY lease payables, net	16,632,727	21,124,853
EUR lease payables, net	-	701,821
Long Term Bank Borrowings:		
TRY borrowings	15,284,190	46,475,760
USD borrowings	127,948,999	149,822,335
EUR borrowings	616,927,385	561,847,141
Long Term Financial Borrowings	776,793,301	779,971,910
Total Financial Liabilities	2,080,663,575	1,449,963,517

As of 31 December 2021 and 2020 maturity analysis of borrowings and other financial borrowings are as follows

	31.12.2021	31.12.2020
Within 3 months	364,657,761	146,647,191
Between 3 - 12 months	933,504,484	514,558,723
Between 1 - 5 years	547,974,277	587,685,697
More than 5 years	212,186,297	170,459,539
	2,058,322,819	1,419,351,150

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As of 31 December 2021 and 2020 maturity schedule of long term bank borrowings are as follows:

	31.12.2021	31.12.2020
Between 1-2 years	194,146,284	327,776,978
Between 2-3 years	150,016,074	110,570,721
Between 3-4 years	117,546,204	83,185,798
Between 4-5 years	86,265,715	66,152,197
Between 5-6 years	85,770,089	48,294,844
Between 6-7 years	31,155,501	40,802,788
Between 7-8 years	23,292,321	25,362,409
Between 8-9 years	22,592,497	13,668,123
Between 9-10 years	14,532,587	13,258,053
Between 10-11 years	14,190,728	8,557,023
Between 11-12 years	13,851,152	8,355,731
Between 12-13 years	6,801,422	8,155,783
Between 13-14 years	-	4,004,788
	760,160,574	758,145,236

As of 31 December 2021, effective interest rates for TRY, USD and EUR bank loans are 9.78%, 2.57 % and 2.62% (31 December 2020: TRY 8.91% USD 4.81% and EUR 2.71%).

The Group has guarantee by its shareholders and related companies in lending.

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 134,950,000 (TRY 1,801,987,350), 25,000,000 EUR (TRY 377,847,500) and 132,310,000 TRY.

As of 31 December 2021 and 2020 the details of financial leasing borrowings of Group are as follows:

	31.12.2021	31.12.2020
Short term lease payables	8,713,708	12,347,806
Cost of deferred lease payables (-)	(3,005,679)	(3,783,421)
	5,708,029	8,564,385
	31.12.2021	31.12.2020
Long term lease payables	20,567,444	28,759,407
Cost of deferred lease payables (-)	(3,934,717)	(6,932,733)
	16,632,727	21,826,674

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As of 31 December 2021, the repayment schedule of lease payables are as follows

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	8,713,708	(3,005,679)	5,708,029
Between 1 – 2 years	7,479,059	(2,233,339)	5,245,720
Between 2 – 3 years	7,479,060	(1,352,854)	6,126,206
Between 3 – 4 years	5,609,325	(348,524)	5,260,801
	29,281,152	(6,940,396)	22,340,756

As of 31 December 2020, the repayment schedule of lease payables are as follows:

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	12,347,806	(3,783,421)	8,564,385
Between 1 – 2 years	8,191,962	(2,998,017)	5,193,945
Between 2 – 3 years	7,479,060	(2,233,338)	5,245,722
Between 3 – 4 years	7,479,060	(1,352,854)	6,126,206
Between 4 – 5 years	5,609,325	(348,524)	5,260,801
	41,107,213	(10,716,154)	30,391,059

As of 31 December 2021 , details of operating lease payables are as follows:

	31.12.2021	31.12.2020
Operating lease payables	-	221,308
	-	221,308

As of 31 December 2021 and 2020, the repayment schedule of operating lease payables are as follows

	31.12.2021	31.12.2020
Between 0 – 1 years	-	221,308
	-	221,308

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NOTE 8 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	31.12.2021	31.12.2020
Deposit and guarantees given	445,446	783,651
VAT return receivables	8,544,046	9,761,503
Other receivables	724,005	25,990
Other Receivables from Third Parties	9,713,497	10,571,144
Receivables from shareholders (Note 5)	152,062,297	128,646,738
Other Receivables From Related Parties	152,062,297	128,646,738
Total Other Current Receivables	161,775,794	139,217,882

Other Non-Current Receivables

	31.12.2021	31.12.2020
Deposits and guarantees given	142,248	120,830
	142,248	120,830

Other Current Payables

	31.12.2021	31.12.2020
Deposit and guarantees received	34,400	22,400
Taxes and funds payable	4,080,234	6,078,340
Other various debts	4,852	48,767
Other Payables to Third Parties	4,119,486	6,149,507
Payables to shareholders (Note 5)	247,801	1,211,073
Payables to related parties (Note 5)	3,617,418	4,063,897
Other Payables to Related Parties	3,865,219	5,274,970
Total Other Current Payables	7,984,705	11,424,477

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NOTE 9 – DERIVATIVE INSTRUMENTS

	31.12.2021	31.12.2020
Income accrual from forward Exchange	-	173,048
	-	173,048
	31.12.2021	31.12.2020
Expense accruals of forward exchange	-	94,875
	-	94,875

NOTE 10 – INVENTORIES

	31.12.2021	31.12.2020
Raw materials	250,764,671	136,109,419
Semi-finished products	206,916,232	149,816,954
Finished goods	69,389,429	52,946,862
Trade goods	605,218	762,416
Other inventories	-	13,275,090
Agricultural products (Figs, Apricot and Grape)	155,476,142	148,719,943
	683,151,692	501,630,684

All inventories of the Group are covered by insurance coverage.

NOTE 11 – BIOLOGICAL ASSETS

Current Biological Assets

	31.12.2021	31.12.2020
Biological assets (Tomato)	9,385,653	6,361,162
	9,385,653	6,361,162

The Group’s biological assets consist of tomatoes. Tomatoes in growing process have been shown in the consolidated financial statements with their cost and after impairment provisions (if any) since they do not have any active markets.

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NOTE 12 – PREPAID EXPENSES AND DEFERRED INCOME

Short Term Prepaid Expenses

	31.12.2021	31.12.2020
Order advances given	19,073,087	2,117,570
Prepaid expenses	1,839,048	3,905,720
Advances given for business purposes	530,667	11,911
	21,442,802	6,035,201

Long Term Prepaid Expenses

	31.12.2021	31.12.2020
Advances given for purchases of tangible assets	1,200,829	614,078
Prepaid expenses	485,251	405,380
	1,686,080	1,019,458

Short Term Deferred Income

	31.12.2021	31.12.2020
Advances received	23,816,691	7,748,434
Deferred income	2,152,240	14,489,714
	25,968,931	22,238,148

NOTE 13 – ASSETS RELATED TO CURRENT PERIOD TAX

	31.12.2021	31.12.2020
Prepaid taxes and funds	1,868,281	1,143,958
	1,868,281	1,143,958

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NOTE 14 – INVESTMENTS VALUED BY EQUITY PICK-UP METHOD

As of 31 December 2021 and 2020 the companies accounted by equity pick up method are as follows:

	31.12.2021	Share (%)	31.12.2020	Share (%)
Aktur İzmir Gayrimenkul A.Ş.	83,566,338	48%	52,953,647	48%
	83,566,338		52,953,647	

The total assets, liabilities and owner’s equity of the investments which are evaluated by equity pick up method with their summary of income statement related to the periods ended 31 December 2021 and 2020 are as follows

	31.12.2021	31.12.2020
Current assets	1,593,345	387
Non-current assets	190,107,092	120,206,237
Total Assets	191,700,437	120,206,624
Current liabilities	754,852	3,595
Non-current liabilities	16,849,047	9,882,932
Parent company’s equity	174,096,538	110,320,097
Total Liabilities	191,700,437	120,206,624
Sales, net	2,005,989	--
Net profit / (loss)	63,776,442	(13,556)

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NOTE 15 – INVESTMENT PROPERTIES

Cost Value	Land	Total
01 January 2020 opening balance	66,075,000	66,075,000
Additions	83,200	83,200
Fair value	12,786,667	12,786,667
Transfers	420,133	420,133
31 December 2020 closing balance	79,365,000	79,365,000
Fair value	60,392,592	60,392,592
31 December 2021 closing balance	139,757,592	139,757,592
31.12.2020, Net Book Value	79,365,000	79,365,000
31.12.2021, Net Book Value	139,757,592	139,757,592

The Group’s investment properties consist of lands with zoning permits. The details of the properties are as follows;

	Manisa	İzmir
As of 01 January 2020	2,600,000	63,475,000
Transfers	-	420,133
Additions	-	83,200
Value Decrease/increase	400,000	12,386,667
As of 31 December 2020	3,000,000	76,365,000
Value Decrease/increase	1,230,000	59,162,592
As of 31 December 2021	4,230,000	135,527,592

As of 31 December 2021, the lands that are shown as investment property are revaluated by Rota Gayrimenkul Değerleme ve Danışmanlık A.Ş. The fair values determined in the valuation studies carried out on 31 December 2021 are reflected in the accompanying consolidated financial statements.

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NOTE 16 – TANGIBLE ASSETS

Cost Value	Land	Land Improvements	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Special costs	Total
01 January 2020 opening balance	4,765,171	82,676,506	106,877,046	527,142,561	3,380,347	17,404,860	47,823,197	9,175	790,078,863
Additions	-	17,000	55,899	5,009,558	1,078,930	651,139	172,550,195	-	179,362,721
Disposals	-	-	-	(1,101,521)	(86,247)	(27,605)	-	-	(1,215,373)
Transfers	(403,653)	(13,892,482)	1,312,757	189,139,344	-	-	(181,303,963)	-	(5,147,997)
Impairment	-	-	(7,754,809)	-	-	-	-	-	(7,754,809)
Gain on revaluation of property	79,488,282	-	128,406,907	263,551,229	-	-	-	-	471,446,418
31 December 2020 closing balance	83,849,800	68,801,024	228,897,800	983,741,171	4,373,030	18,028,394	39,069,429	9,175	1,426,769,823
Additions	-	-	-	3,804,549	5,928,833	2,964,232	10,747,077	-	23,444,691
Disposals	-	-	-	(1,589,412)	(554,675)	(12,969)	(312,384)	(9,175)	(2,478,615)
Transfers	-	-	813,696	29,459,958	-	-	(35,966,367)	-	(5,692,713)
Gain on revaluation of property	23,330,200	46,628,976	136,633,504	336,438,734	-	-	-	-	543,031,414
31 December 2021 closing balance	107,180,000	115,430,000	366,345,000	1,351,855,000	9,747,188	20,979,657	13,537,755	-	1,985,074,600
Accumulated Depreciation									
01 January 2020 opening balance	-	29,777,343	23,342,898	236,641,372	1,347,938	11,577,509	-	2,752	302,689,812
Additions	-	3,767,999	2,187,460	31,330,131	72,344	1,784,767	-	1,835	39,144,536
Disposals	-	-	-	(739,541)	(33,061)	(23,925)	-	-	(796,527)
Transfers	-	(12,743,956)	-	12,743,956	-	-	-	-	-
Gain on revaluation of property	-	-	(25,530,358)	(279,975,918)	-	-	-	-	(305,506,276)
31 December 2020 closing balance	-	20,801,386	-	-	1,387,221	13,338,351	-	4,587	35,531,545
Additions	-	8,095,389	7,444,863	92,597,215	666,047	1,618,170	-	1,071	110,422,755
Disposals	-	-	-	(1,168,832)	(480,703)	(8,104)	-	(5,658)	(1,663,297)
Gain on revaluation of property	-	(28,896,775)	(7,444,863)	(91,428,383)	-	-	-	-	(127,770,021)
31 December 2021 closing balance	-	-	-	-	1,572,565	14,948,417	-	-	16,520,982
31.12.2020, Net Book Value	83,849,800	47,999,638	228,897,800	983,741,171	2,985,809	4,690,043	39,069,429	4,588	1,391,238,278
31.12.2021, Net Book Value	107,180,000	115,430,000	366,345,000	1,351,855,000	8,174,623	6,031,240	13,537,755	-	1,968,553,618

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As of 31 December 2021, the depreciation expense of tangible assets for the period is TRY 110,422,755 (31 December 2020: TRY 39,144,536)

As of 31 December 2021, fixed assets are insured by TRY 35,842,498 , EUR 37,958,700 (TRY 572,671,519), USD 165,778,010 (TRY 2,210,655,095). (31 December 2020: TRY 22,017,716, EUR 37,956,200 (TRY 341,905,654), USD 173,233,792 (TRY 1,271,622,650).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions are USD 134,950,000 (TRY 1,801,987,350), EUR 25,000,000 (TRY 377,847,500) and TRY 132,310,000.

As of 31 December 2021, net book value of leasing machines is TRY 62.550.000 (31.12.2020: 15,184,269 TRY).

As of 31 December 2021 and 2020, the Group has no borrowing costs

NOTE 17 – RIGHT OF USE ASSETS

Cost Value	Lands	Buildings	Plants	Vehicles	Total
01 January 2020 opening balance	216,676	419,777	158,360	1,180,687	1,975,500
Disposals	(216,676)	-	-	-	(216,676)
31 December 2020 closing balance	-	419,777	158,360	1,180,687	1,758,824
Additions	-	-	-	-	-
31 December 2021 closing balance	-	419,777	158,360	1,180,687	1,758,824
Accumulated Depreciation					
01 January 2020 opening balance	43,335	226,034	127,568	631,200	1,028,137
Additions	-	193,743	30,792	347,751	572,286
Disposals	(43,335)	-	-	-	(43,335)
31 December 2020 closing balance	-	419,777	158,360	978,951	1,557,088
Additions	-	-	-	201,736	201,736
31 December 2021 closing balance	-	419,777	158,360	1,180,687	1,758,824
31.12.2020, Net Book Value	--	--	--	201,736	201,736
31.12.2021, Net Book Value	--	--	--	--	--

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NOTE 18 – INTANGIBLE ASSETS

Cost Value	Rights	Research and Development Expenses	Other Intangible Assets	Total
01 January 2020 opening balance	703,167	10,833,888	1,036,698	12,573,753
Additions	227,769	-	-	227,769
Transfers	(3,755)	4,714,839	16,780	4,727,864
31 December 2020 closing balance	927,181	15,548,727	1,053,478	17,529,386
Additions	259,677	-	75	259,752
Transfers	-	5,692,713	-	5,692,713
31 December 2021 closing balance	1,186,858	21,241,440	1,053,553	23,481,851
Accumulated Depreciation				
01 January 2020 opening balance	401,778	1,358,073	819,000	2,578,851
Additions	123,316	1,170,462	94,275	1,388,053
Transfers	(15,543)	-	15,543	-
31 December 2020 closing balance	509,551	2,528,535	928,818	3,966,904
Additions	229,180	1,862,495	20,096	2,111,771
31 December 2021 closing balance	738,731	4,391,030	948,914	6,078,675
31.12.2020, Net Book Value	417,630	13,020,192	124,660	13,562,482
31.12.2021, Net Book Value	448,127	16,850,410	104,639	17,403,176

As of 31 December 2021, the amortization expense of intangible assets for the period is TRY 2,111,771 (31 December 2020: TRY 1,388,053).

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NOTE 19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2021 and 2020, the Group's guarantee / security / mortgage (“GSM”) position are as follows:

Guarantees, security and mortgage “(GSM)” given by the Group	31.12.2021	31.12.2020
A. Total Amount of GSM given on behalf of legal entity	5,121,607,956	3,068,291,966
B. Total Amount of GSM given for partnerships which included in full consolidation	None	224,752,894
C. Total Amount of GSM given for the purpose of guaranteeing third party loans to carry the regular trade activities	None	None
D. Total Amount of other GSM given	None	None
<i>i. Total Amount of GSM given for the Parent Group</i>	None	None
<i>ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses</i>	None	None
<i>iii. Total Amount of GSM Given for Third Parties not Included in C Clause</i>	None	None
Total	5,121,607,956	3,293,044,860

As of 31 December 2021, details of mortgage on lands and buildings given to financial institutions are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	TRY	97,310,000	1.0000	97,310,000
Türkiye Vakıflar Bankası T.A.O	USD	134,950,000	13.3530	1,801,987,350
Türkiye Vakıflar Bankası T.A.O	EUR	25,000,000	15.1139	377,847,500
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	TRY	35,000,000	1.0000	35,000,000
				2,312,144,850

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As of 31 December 2021, details of the guarantee letters given are as follows:

Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Electricity and Natural Gas Distribution Companies	TRY	7,739,258	1.0000	7,739,258
Energy Market Regulatory Authority	TRY	262,239	1.0000	262,239
Customs Administration	TRY	17,399,370	1.0000	17,399,370
Credit Guarantee	USD	26,300,000	13.3530	351,183,900
Credit Guarantee	EUR	29,243,460	15.1139	441,982,730
Food, Agriculture Livestock Directorate	TRY	625,669	1.0000	625,669
Public Institutions	TRY	4,145,372	1.0000	4,145,372
				823,338,538

As of 31 December 2021, bank details of the guarantee letters given are as follows:

Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O.	TRY	29,793,908	1.0000	29,793,908
Türkiye Vakıflar Bankası T.A.O.	EUR	10,471,160	15.1139	158,260,065
Türkiye Vakıflar Bankası T.A.O.	USD	17,300,000	13.3530	231,006,900
Türkiye Finans Katılım Bankası A.Ş.	TL	58,000	1.0000	58,000
Halk Bank A.Ş.	USD	9,000,000	13.3530	120,177,000
Halk Bank A.Ş.	EUR	18,772,300	15.1139	283,722,665
İşbankası A.Ş.	TL	320,000	1.0000	320,000
				823,338,538

As of 31 December 2021, avals which are given to trade receivables by the Group are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	USD	9,430,990	13.3530	125,932,012
Türkiye Vakıflar Bankası T.A.O	EUR	344,139	15.1139	5,201,275
				131,133,287

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As of 31 December 2021, bank details of the general borrowing contracts are as follows:

General Borrowing Contracts:	FX Currency	FX Amount	FX Rate	TRY Equivalent
Denizbank A.Ş	USD	9,000,000	13.3530	120,177,000
Eximbank A.Ş	USD	25,000,000	13.3530	333,825,000
Halk Bankası A.Ş.	TRY	10,000,000	1.0000	10,000,000
İşbankası A.Ş	USD	9,500,000	13.3530	126,853,500
Şekerbank A.Ş.	USD	3,750,000	13.3530	50,073,750
Şekerbank A.Ş.	TRY	2,500,000	1.0000	2,500,000
Şekerbank A.Ş.	EUR	7,500,000	15.1139	113,354,250
Türkiye Finans katılım Bankası A.Ş	TRY	30,000,000	1.0000	30,000,000
Vakıfbank A.Ş	USD	65,000,000	13.3530	867,945,000
Arap Türk Bankası A.Ş.	USD	2,000,000	13.3530	26,706,000
				1,681,434,500

As of 31 December 2021, details of the guarantee notes given are as follows:

Guarantee Notes Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Eximbank	USD	1,175,000	13.3530	15,689,775
Eximbank	EURO	1,893,125	15.1139	28,612,502
				44,302,277

As of 31 December 2021, bank details of the bonds are as follows:

Bond	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türk Eximbank	USD	3,465,867	13.3530	46,279,722
Türk Eximbank	EUR	4,549,088	15.1139	68,754,461
Türkiye Cumhuriyeti Merkez Bankası	USD	4,500,000	13.3530	60,088,500
Türkiye Cumhuriyeti Merkez Bankası	EUR	3,425,000	15.1139	51,765,108
Türkiye Cumhuriyeti Merkez Bankası	TRY	33,500,000	1.0000	33,500,000
				260,387,791

There is no guarantee given by the Group for the loans in favor of related parties. For credit contracts of the Group USD 114,250,000 (TRY 1,525,580,250), EUR 7,500,000 (TRY 113,354,250) and TRY 42,500,000 guarantee are provided by related parties (Akça Holding and Osman Akça) (31 December 2020: USD 114,250,000 (TRY 838,652,125), EUR 7,500,000 (TRY 67,559,250) and TRY 122,500,000).

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NOTE 20 – PROVISIONS

Other Short Term Provisions

	31.12.2021	31.12.2020
Provision for the lawsuits	4,278,300	2,961,869
Provision for unused vacation	9,698,737	6,213,323
	13,977,037	9,175,192

	31.12.2021	31.12.2020
Unused vacation provisions at beginning of period	6,213,323	6,735,719
Provisions reversed during the period	-	(643,679)
Provisions during the period	3,485,414	121,283
Closing balance	9,698,737	6,213,323

Long Term Provisions for Employee Benefits

	31.12.2021	31.12.2020
Provision for severance pay	78,630,230	57,822,309
	78,630,230	57,822,309

For the period of 01 January – 31 December 2021, the average personnel number including subcontractors employed by the Group is 3,853 (01.01-31.12.2020: 4,378). The rate of retirement probability used is 96%. (01.01-31.12.2020: % 96).

For the period ended at 31 December 2021 and 2020 the movement schedule of severance pay provision is as follows:

	31.12.2021	31.12.2020
Balance of 01 January	57,822,309	48,560,363
Increase in the period	32,434,734	22,938,676
Interest cost	2,656,422	2,933,283
Payments during the period	(6,709,441)	(9,815,939)
Actuarial profit/(loss)	(7,573,794)	(6,794,074)
Balance at the end of the period	78,630,230	57,822,309

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NOTE 21 – EMPLOYEE BENEFIT LIABILITIES

	31.12.2021	31.12.2020
Due to personnel	20,820,464	21,037,453
Social security deductions payable	5,782,682	4,692,044
	26,603,146	25,729,497

NOTE 22 – OTHER CURRENT ASSETS AND LIABILITIES

Other Current Assets

	31.12.2021	31.12.2020
VAT carried forward	85,378,712	81,443,792
	85,378,712	81,443,792

NOTE 23 – SHARE CAPITAL

23.1 Paid in Capital

As of 31 December 2021 and 2020, Group’s paid in capital was divided into 250,000,000 shares as each valued at TRY 0.01 nominally 25,000,000,000 shares

As of 31 December 2021 and 2020, Group’s paid in capital is as follows:

Shareholders:	31.12.2021		31.12.2020	
	Share (%)	TRY	Share (%)	TRY
Public Offered Shares	46.78%	116,949,944	46.88%	117,189,944
Akça Holding A.Ş.	50.83%	127,069,501	50.73%	126,829,500
Other	2.39%	5,980,555	2.39%	5,980,556
Total	100.00%	250,000,000	100.00%	250,000,000

According to Group’s main article of association, more than half of the Members of Board required to be elected from the candidates which are pointed out from A Group shareholders (TRY 100,000).

23.2 Inflation Adjustments of Shareholders’ Equity

	31.12.2021	31.12.2020
Inflation adjustment of shareholders’ equity	860,487	485,133
	860,487	485,133

Adjustment of shareholders’ equity is the difference between the total amount of cash additions made to the capital, adjusted according to the TAS/TFRS’s published by the POA and the amounts before the adjustment.

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23.3 Impact of mergers involving jointly controlled enterprises or businesses

	31.12.2021	31.12.2020
Effect of mergers involving undertakings or businesses subject to common control	-	(70,487,372)
	-	(70,487,372)

23.4 Accumulated Other Comprehensive Income/(Expenses) not to be reclassified on Profit or Loss

23.4.1 Gain on revaluation of properties

	31.12.2021	31.12.2020
Gain on revaluation of properties	1,203,535,433	638,436,962
	1,203,535,433	638,436,962

The movement schedule for gains/(losses) on revaluation and remeasurement is as follows:

	01.01.- 31.12.2021	01.01.- 31.12.2020
1 January (Beginning of period)	638,436,962	-
Increase in value on fixed asset	670,801,435	782,652,561
Transfer to minority shares	4,163,890	(11,597,629)
Deferred tax effect	(109,866,854)	(132,617,970)
	1,203,535,433	638,436,962

The Group has revaluated all of the lands and buildings to their fair values in accordance with TAS 16, Property, Plant and Equipment as of 31 December 2021 and 2020 and included the revaluation increase amounting to TRY 1,940,810,000 (31 December 2020: TRY 1,296,488,771 TRY) in consolidated financial statements (Note 16).

The valuation company used the Market Value Method in determining the fair values of land, land and buildings. The "Market Values and Cost Method" was used to determine the fair values of land improvements and machinery, plant and equipments.

The fair value increases TRY 1,203,535,433 (31 December 2020: TRY 638,436,962) from revaluation of tangible assets are recognized in gain on revaluation of properties account which is under equity, after the netting of the deferred tax effect

Valuation studies of the land and buildings of Aktur İzmir Gayrimenkul A.Ş., which is consolidated by equity pick up method, were carried out by Rota Taşınmaz Değerleme ve Danışmanlık A.Ş., an organization accredited to the CMB. The group's valuation of machinery, plant and equipments was carried out by Metas Gayrimenkul Değerleme ve Müşavirlik A.Ş. and Aden Gayrimenkul Değerleme ve Danışmanlık Anonim Şirketi, an organization accredited to the CMB.

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23.4.2 Defined Benefit Plans Re-Measurement Gains (Losses)

	31.12.2021	31.12.2020
Defined Benefit Plans Re-Measurement Gains (Losses)	11,386,834	5,377,107
	11,386,834	5,377,107

23.5 Other Accumulated Comprehensive Income or Expenses to be Reclassified to Profit or Loss

23.5.1 Shares of Other Comprehensive Income of Investments Valued by Equity Pick Up Method Not to be Classified in Profit or Loss

	31.12.2021	31.12.2020
Shares of Other Comprehensive Income of Investments Valued by Equity Pick Up Method Not to be Classified in Profit or Loss	42,649,562	42,649,562
	42,649,562	42,649,562

Increases resulting from the revaluation of the investment properties of Aktur İzmir Gayrimenkul A.Ş., the subsidiary of the Group, which is consolidated with equity pick up method, deferred tax effect on the revaluation increases (decreases) of the investments valued by equity pick up method included in the equity group in the balance sheet. It is recorded as 42,649,562 TRY after clarification.

23.6 Restricted Reserves

According to the Turkish Commercial Code, the general statutory reserves are allocated as 5% of the annual profit until 20% of the Group 's paid-up capital is reached. The other legal reserves are allocated at a rate of 10% of the total amount to be distributed to the shareholders after paying the shareholders a profit share of five percent. According to the Turkish Commercial Code, general legal reserves can only be used to cover losses, to keep operating at a time when things are not going well, or to take measures to prevent unemployment and mitigate its consequences, if it does not exceed the half of capital or capital removed.

	31.12.2021	31.12.2020
Legal reserves	10,340,261	10,147,245
	10,340,261	10,147,245

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5 %, until the total reserve reaches a maximum of 20 % of the Group’s share capital. The second legal reserve is appropriated at the rate of 10 % of all distributions in excess of 5 % of the Group’s share capital. The first and second legal reserves are not available for distribution unless they exceed 50 % of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

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Profit Distribution

Public companies distribute their profit shares according to the Communiqué No: II-19.1, which is effective from 1 February 2014 of the CMB.

The partnerships distribute their profits within the framework of the profit distribution policies to be determined by the general assemblies and in accordance with the provisions of the related legislation by the decision of the general assembly. Within the scope of the said communiqué, a minimum distribution ratio has not been determined. Companies pay dividends in the manner specified in their articles of incorporation or profit distribution policies. In addition, dividends may be paid in installments of equal or different consistency, and cash dividend advances may be distributed over the profit on the interim period financial statements.

Unless the dividends determined according to the TCC are reserved for the shareholders in the Articles of Association or in the profit distribution policy; the profit share determined for the shareholders cannot be distributed to the shareholders as long as the dividend determined for the shareholders is paid in cash, as it is not decided whether the other reserves will be allocated, the profit will be distributed to the beneficiaries, the members of the board of directors, partnership employees and persons other than the shareholders.

23.7 Retained Earnings/ Losses

The accumulated profits other than net period profit are shown in this item. Extraordinary reserves which are essentially accumulated profits and therefore unrestricted are also considered to be accumulated profits and are shown in this item.

	31.12.2021	31.12.2020
Previous Years Profits/(Losses)	(243,093,206)	(77,913,133)
	(243,093,206)	(77,913,133)

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23.8 Minority Interest

The details of the minority interests as of 31 December 2021 are as follows

31 December 2021	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Group Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)	Minority Total comprehensive income / (loss)
Smryna	68,184,983	10,986,309	79.17%	20.83%	14,205,204	2,288,814	(1,825,768)
					14,205,204	2,288,814	(1,825,768)

The details of the minority interests as of 31 December 2020 are as follows:

31 December 2020	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Group Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)	Minority Total comprehensive income / (loss)
Smryna	76,948,669	9,948,660	79.17%	20.83%	16,030,972	2,072,638	13,699,603
					16,030,972	2,072,638	13,699,603

As of 31 December 2021 and 2020, the details of non-controlling interests are as follows:

	31.12.2021	31.12.2020
Shares in capital	2,500,000	2,500,000
Revaluation fund	7,433,739	11,597,629
Actuarial loss / (gain)	75,542	26,234
Shares in accumulated profit / (losses)	1,907,109	(165,529)
Share in profit / (loss) for the period	2,288,814	2,072,638
	14,205,204	16,030,972

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NOTE 24 – SALES AND COST OF SALES

24.1 Sales

	01.01.- 31.12.2021	01.01.- 31.12.2020
Domestic sales	991,141,948	648,966,603
Export sales	1,237,660,118	1,176,229,076
Other sales	12,391,182	7,341,509
	2,241,193,248	1,832,537,188
Sales returns	(2,150,204)	(2,886,196)
Other discounts	(12,197,392)	(6,368,027)
Sales Income, (net)	2,226,845,652	1,823,282,965

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24.2 Cost of Sales

	01.01.- 31.12.2021	01.01.- 31.12.2020
Direct material expenses	915,837,478	774,716,081
Direct labor expenses	213,953,316	184,222,019
General production expenses	111,829,324	94,462,951
Depreciation expenses	67,278,545	19,201,685
<u>Change in semi-finished goods</u>		
1. Beginning semi-finished goods(+)	149,816,954	174,959,398
2. Ending semi-finished goods (-)	(206,916,232)	(149,816,954)
Cost of finished goods produced	1,251,799,385	1,097,745,180
<u>Changes in finished goods inventory</u>		
1. Beginning inventory (+)	52,946,862	27,789,199
2. Ending inventory (-)	(69,389,429)	(52,946,862)
Cost of finished goods sold	1,235,356,818	1,072,587,517
<u>Cost of merchandises</u>		
1. Beginning merchandise inventory (+)	762,416	348,368
2. Purchases during the period (+)	7,803,635	5,420,428
3. Ending merchandise inventory (-)	(605,218)	(762,416)
Cost of merchandises sold	7,960,833	5,006,380
Cost of other service rendered	1,143,647	778,451
Cost of other sales	466,595,389	311,118,908
Cost of biological assets	41,319,236	23,704,290
Depreciation of biological assets	7,010,507	2,425,106
Energy costs	61,772,818	45,634,949
Energy depreciation	36,687,195	17,735,370
Cost of sales, net	1,857,846,443	1,478,990,971

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As of 01 January – 31 December 2021 and 2020, for each main production group, quantities of goods and services:

	Unit	01.01.- 31.12.2021	01.01.- 31.12.2020
Yarn	Kg	11,904,559	11,698,610
Raw Clothing	Mt2	117,386,006	114,394,087
Finishing Cloth	Mt2	137,260,663	173,471,485
Lining	Mt2	14,771,561	12,393,068
Linens, Sheets, Curtains, Pillows.	Quantity	18,235,855	21,763,388
Electricity	Kwh	318,677,803	272,606,540
Cotton Waste	Kg	170,295	281,829
Piece of Cloth	Kg	2,753,794	3,699,515
Yarn Waste	Kg	752,309	418,510
Textile Trash Powder	Kg	179,677	71,600
Tomato	Kg	3,039,605	5,005,029
Dried Figs	Kg	8,328,361	7,755,462
Dried Apricot	Kg	1,038,694	764,612
Dried Grape	Kg	16,696,051	14,142,958

As of 01 January- 31 December 2021 and 2020, for each main sales group, quantities of goods and services:

	Unit	01.01.- 31.12.2021	01.01.- 31.12.2020
Yarn	Kg	149,605	208,976
Raw Clothing	Mt2	47,770	333
Finishing Cloth	Mt2	16,127,928	21,826,640
Lining	Mt2	15,419,354	13,657,688
Linens, Sheets, Curtains, Pillows	Quantity	18,487,943	20,944,051
Electricity	Kwh	247,190,854	213,804,010
Cotton Waste	Kg	227,820	435,480
Piece of Cloth	Kg	2,922,380	3,592,125
Yarn Waste	Kg	730,670	418,510
Textile Trash Powder	Kg	173,300	71,600
Tomato	Kg	3,589,005	5,013,370
Dried Figs	Kg	8,328,361	7,755,462
Dried Apricot	Kg	1,038,694	764,612
Dried Grape	Kg	16,696,051	14,142,958

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NOTE 25 – RESEARCH AND DEVELOPMENT GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	01.01.- 31.12.2021	01.01.- 31.12.2020
Research and development expenses	9,841,817	3,552,668
Marketing, sales and distribution expenses	57,197,885	53,371,407
General administrative expenses	44,907,822	43,005,652
	111,947,524	99,929,727

25.1 Research and Development Expenses

	01.01.- 31.12.2021	01.01.- 31.12.2020
Direct Material expenses	3,381,084	1,055,726
Personnel expenses	5,409,465	2,342,190
Other expenses	1,051,268	154,752
	9,841,817	3,552,668

25.2 Marketing Expenses

	01.01.- 31.12.2021	01.01.- 31.12.2020
Personnel expenses	12,550,001	11,743,526
Export expenses	36,450,000	35,863,186
Domestic sales transportation expense	1,922,684	967,962
Depreciation expenses	135,330	317,186
Other expenses	6,136,170	3,457,797
Fair expense	3,700	1,021,750
	57,197,885	53,371,407

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25.3 General Administrative Expenses

	01.01.- 31.12.2021	01.01.- 31.12.2020
Personnel expenses	29,280,564	27,968,206
Insurance expenses	2,591,183	1,959,095
Education and consultancy expenses	2,869,195	2,048,099
Office expenses	920,604	871,433
Capital market expenses	521,828	259,403
Repair and maintenance expenses	226,164	151,381
Travelling expenses	422,796	409,972
Membership expenses	584,987	321,282
Tax and duty expenses	1,938,255	1,734,587
Shares in holding cost (*)	1,023,301	1,229,695
Provision for litigation expenses	303,265	2,539,886
Provision for severance pay expense	282,257	122,323
Provision for unused personnel leave	-	89,845
Provision for doubtful receivables(-)	68,928	360,288
Depreciation expenses	1,624,685	1,425,528
Other expenses	2,249,810	1,514,629
	44,907,822	43,005,652

(*) Regarding expenses consists of personnel expenses reflected to the Group by Akça Holding.

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NOTE 26 – OTHER OPERATING INCOME/ (EXPENSES)

26.1 Other Income From Operating Activities

	01.01.- 31.12.2021	01.01.- 31.12.2020
Return of lump sum expense in export	21,334,074	-
Reversal of unnecessary provision	-	1,400,168
Insurance compensation income	-	577,184
Foreign exchange gains related to commercial activities	177,037,277	38,488,413
Discount income / expenses on payables, net	5,428,936	4,465,815
Foreign exchange gains from related parties related to commercial activities (Note 5)	981,956	146,745
Turnover premium income	1,793,850	2,813,821
Foreign exchange gains from related parties related to commercial activities (Note 5)	50,325,644	16,510,908
Rental income	1,053,601	741,773
Other income and profit	4,960,444	3,346,803
	262,915,782	68,491,630

26.2 Other Expenses From Operating Activities (-)

	01.01.- 31.12.2021	01.01.- 31.12.2020
Foreign exchange expenses from related parties related to commercial activities(Note 5)	8,126,138	267,454
Foreign exchange expenses related to commercial activities	59,212,199	34,954,789
Discountincome/expenses on receivables,net	5,366,059	5,943,785
Other expenses and losses	4,371,668	1,113,999
Donation expenses	1,664,379	1,719,908
	78,740,443	43,999,935

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NOTE 27 – INVESTMENT ACTIVITIES INCOME / EXPENSE

27.1 Income from Investment Activities

	01.01.- 31.12.2021	01.01.- 31.12.2020
Gain on revaluation of investment properties	60,392,592	7,086,800
Profit on sale of Participation	-	16,518,003
Profit on sale of fixed assets	2,838,394	1,111,911
	63,230,986	24,716,714

27.2 Expense from Investment Activities

	01.01.- 31.12.2021	01.01.- 31.12.2020
Expense on sale of fixed assets	75,260	-
Impairment of tangible assets	-	7,754,809
	75,260	7,754,809

27.3 Profit / Loss From Investments Evaluated by Equity Pick-up Method

	01.01.- 31.12.2021	01.01.- 31.12.2020
Shares related with investment valued by equity pick-up method	30,612,691	7,899,827
	30,612,691	7,899,827

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NOTE 28 – FINANCIAL INCOME / EXPENSES

28.1 Financial Income

	01.01.- 31.12.2021	01.01.- 31.12.2020
Interest income	1,928,014	1,444,519
Interest income from related parties (Note 5)	14,450,096	1,641,648
Foreign exchange income regarding financial activities	103,011,247	20,841,431
Foreign exchange income from forward contracts	490,157	869,873
	119,879,514	24,797,471

28.2 Financial Expenses (-)

	01.01.- 31.12.2021	01.01.- 31.12.2020
Interest expenses	56,879,193	50,892,080
Interest expenses from related parties (Note 5)	1,414,171	1,145,376
Foreign exchange losses regarding financial activities	924,696,887	362,934,021
Commission expenses of borrowings	9,061,146	10,601,382
Financial expenses from right of use assets	10,692	62,269
Maturity difference expenses	387,801	-
Foreign exchange losses arising from forward contracts	1,875,261	111,375
Other financial expenses	2,789,726	3,057,286
	997,114,877	428,803,789

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NOTE 29 – TAX ASSETS AND LIABILITIES

Group is liable to corporation tax valid in Turkey. The necessary provisions are made on the attached financial statements for expected tax liabilities related to the group’s current period activity results.

Corporation tax rate that will be accrued over corporation tax base is calculated over the tax base that remains after adding expenses recorded as expense in determination of commercial earnings that are non-deductible from tax base and subtracting tax-exempt profit, tax- free income and other deductions (if there are losses from previous years and used investment allowances if preferred).

In accordance with the regulation numbered 7316, published in Official Gazette on 22 April 2021, “Amendment of Law on Collection Procedure of Public Receivables and Other Certain Laws”, In the provisional tax return declarations to be submitted after July 1, 2021, corporate tax rate has increased from 20% to 25% and to %23 for the year 2022, it will be applied as 20% from 2023

The applied effective interest rate in the year of 2021 is 25% (2020: 22%)

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 25% in 2021 (2020: 22%).

There is no absolute and certain confirmation procedure related to tax evaluation in Turkey. Companies prepare their tax return between 1-25 Aprils coming after the related year’s balancing period (for the companies having special account period, between 1-25 of fourth month following the closing of period). These tax returns and related accounting records may be inspected and changed by tax department in five years.

There are some exceptions on Corporation Tax Law. These exceptions that Group will possibly utilize are explained as below;

Taxable losses

The Premium income provided by the disposing of stocks, formed while the establishments of Incorporated Companies or while increasing their capital, below their nominal values is an exemption from Corporation tax.

Issue Premium Exemption

The Premium income provided by the disposing of stocks, formed while the establishments of Incorporated Companies or while increasing their capital, below their nominal values is an exemption from Corporation tax.

The Real Estate and Subsidiary Share Sales Gain Exemption

The 75% of income of corporations composed of subsidiary shares, real estates, privilege, and promoter’s stock and perpetual bonds are exemptions of Corporation tax as of 31 December 2018 for two years. However, this rate has been decreased from 75% to 50% for the real estate’s regarding to new updates over the rule numbered 7061 and the rate shall be used as 50% for the tax declarations as of 2019.

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Deferred Tax:

The potential deferred tax assets/(liabilities) of the Group represents the tax effects of temporary differences, arising between the financial statements reported for Communiqué purposes and the statutory tax financial statements. Such differences arise due to the different treatment of certain items of income and expense included in the Communiqué financial statements compared to the local tax return, in accordance with applicable tax laws.

As of balance sheet date, accumulated temporary differences and deferred tax assets and liabilities prepared by using current applicable tax rate is as follows:

	31.12.2021		31.12.2020	
	Cumulative temporary differences	Deferred tax / (liability))	Cumulative temporary differences	Deferred tax / (liability)
Deferred tax assets:				
Unearned interests on receivables	1,860,012	427,803	2,915,173	583,035
Transferred R&D discount	61,983,606	12,396,721	-	-
Severance pay provision	78,630,230	15,726,046	57,822,309	11,564,461
Unused vacation provisions	9,698,737	2,230,709	6,213,323	1,242,664
Reversal of capitalized financial expenses (except land, buildings)	131,064,573	26,212,915	131,059,276	26,211,857
Reversal of capitalized financial expenses (land, buildings)	35,281,365	3,528,137	27,038,126	2,703,813
Property, plant and equipment (except land, buildings and depreciation)	25,467,954	5,093,591	-	-
Deferred maturity difference income	2,121,611	487,971	14,311,500	2,862,300
Provisions of legal claims	4,274,001	983,021	2,961,869	592,373
Impairment of tangible fixed assets	7,754,809	775,481	7,754,810	775,481
Deductible retained losses	261,086,031	52,217,206	45,125,477	9,025,095
Foreign exchange	47,974,351	11,034,101	1,342,933	268,587
Effect of other corrections	35,435,710	8,150,213	34,749,724	6,949,947
Deferred tax assets		139,263,915		62,779,613
Deferred tax liabilities:				
Tangible assets (land, building, land improvements and depreciations), net	39,696,919	7,939,384	46,791,627	9,358,326
Difference in revaluation of land and buildings	476,359,865	47,635,987	233,425,547	23,342,554
Difference in revaluation of machinery, plant and equipments	899,262,124	179,852,424	543,527,147	108,705,429
Unearned interests on payables	2,513,763	578,166	3,506,047	701,210
Adjustments related to financial debts	1,917,626	441,054	1,851,045	370,209
Investment property increase in value	74,248,386	7,424,839	13,855,794	1,385,579
Effect of other corrections	42,800,743	9,844,172	2,635,041	527,011
Adjustment of foreign exchange	269,697	62,029	-	-
Deferred tax liabilities		253,778,055		144,390,318
Deferred tax assets / (liabilities), net		(114,514,140)		(81,610,705)

The Group calculates deferred tax assets and liabilities considering the effect of temporary differences arising from the different evaluations between the statutory financial statements prepared in accordance with TAS / TFRS issued by the Group and its financial statements. These temporary differences usually result from the recognition of income and expenses in different reporting periods according to TAS / TFRS and Tax Code.

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For the period ended at 31 December 2021 and 2020 movements of deferred tax assets and liabilities are as follows

	01.01.- 31.12.2021	01.01.- 31.12.2020
Current corporation tax	(1,727,939)	(1,646,995)
Deferred tax assets/(liabilities), net	78,478,179	19,885,926
	76,750,240	18,238,931

Deferred Tax (Asset) / Liability Movements

	01.01.- 31.12.2021	01.01.- 31.12.2020
Opening balance	(81,610,705)	32,480,154
Deferred tax income / (expense)	78,478,178	19,885,926
Gain on revaluation of properties	(109,866,854)	(132,617,970)
Actuarial (gain) / loss effect prior periods	(1,514,759)	(1,358,815)
Closing balance	(114,514,140)	(81,610,705)

NOTE 30 – EARNINGS PER SHARE

	01.01.- 31.12.2021	01.01.- 31.12.2020
Net profit / (loss) for the period	(267,778,497)	(94,124,331)
Weighted-average number of shares outstanding (per share with TRY 1 value)	250,000,000	250,000,000
Simple earnings and divided earnings per share (TRY)	(1.0711)	(0.3765)

NOTE 31 – FINANCIAL INSTRUMENTS

	31.12.2021	31.12.2020
Financial assets		
Liquid assets	118,035,517	47,437,939
Trade receivables	373,941,123	290,476,101
Other receivables	161,918,042	139,338,712
Financial liabilities		
Financial borrowings	2,058,322,819	1,419,572,458
Lease payables	22,340,756	30,391,059
Other payables	7,984,705	11,424,477
Trade payables	293,912,845	232,073,338

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NOTE 32 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Financial Instruments

Credit Risk

Group is subject to credit risk arising from trade receivables related to credit sales and deposits at banks. These risks are managed by limiting the aggregate risk from any individual counterparty and obtaining sufficient collateral where necessary and making only cash based sales to customer considered as having a higher risk. Collect ability of trade receivables are evaluated by management depending on their past experiences and current economic condition, and presented in the financial statements net of adequate doubtful provision.

As of 31 December 2021 and 2020, maximum net credit risk is as follows:

31 December 2021	Trade Receivables		Other Receivables		Bank
	Related Party	Third Party	Related Party	Third Party	Deposit
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	188,541,819	185,399,304	152,062,297	9,855,745	117,793,879
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	188,541,819	185,399,304	22,172,523	9,855,745	117,793,879
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	129,889,774	-	-
Teminat vs ile güvence altına alınmış kısım	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	494,770	-	-	-
Impairment (-)	-	(494,770)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

31 December 2020	Trade Receivables		Other Receivables		Bank
	Related Party	Third Party	Related Party	Third Party	Deposit
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	146,771,852	143,704,249	128,646,738	10,691,974	47,318,962
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	81,237,228	143,704,249	128,646,738	10,691,974	47,318,962
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	65,534,624	-	-	-	-
Teminat vs ile güvence altına alınmış kısım	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	425,842	-	-	-
Impairment (-)	-	(425,842)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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Liquidity risk

Liquidity risk is the Group’s possibility of not fulfilling net funding liabilities. Occurrence of events like deteriorations in markets or decrease in credit score that causes decreases in fund resources, are reasons of liquidity risk.

As of 31 December 2021, Group’s liquidity risk table is as follows:

Maturities according to agreement	Book Value	Contractual total cash outflow (=I+II+III+IV)	Less than 3 months (I)	3 – 12 months (II)	1- 5 Years (III)	More than 5 Years (IV)
Financial Liabilities Non Derivatives	2,435,133,202	2,578,417,513	571,596,855	1,109,195,553	640,764,642	256,860,463
Financial borrowings	2,058,322,819	2,192,152,973	365,324,190	949,771,122	620,197,198	256,860,463
Financial leasing	22,340,756	29,281,152	2,506,266	6,207,442	20,567,444	-
Trade payables	293,912,845	296,426,607	173,078,168	123,348,439	-	-
- <i>Related parties</i>	-	-	-	-	-	-
- <i>Other parties</i>	293,912,845	296,426,607	173,078,168	123,348,439	-	-
Other liabilities	60,556,782	60,556,781	30,688,231	29,868,550	-	-
- <i>Related parties</i>	3,865,219	3,865,219	-	3,865,219	-	-
- <i>Other parties</i>	56,691,563	56,691,562	30,688,231	26,003,331	-	-
	2,435,133,202	2,578,417,513	571,596,855	1,109,195,553	640,764,642	256,860,463

As of 31 December 2020, Group’s liquidity risk table is as follows:

Maturities according to agreement	Book Value	Contractual total cash outflow (=I+II+III+IV)	Less than 3 months (I)	3 – 12 months (II)	1- 5 Years (III)	More than 5 Years (IV)
Financial Liabilities Non Derivatives	1,741,207,669	1,869,470,545	318,256,114	661,782,924	675,282,643	214,148,864
Financial borrowings	1,419,351,150	1,533,391,826	120,171,340	552,548,386	646,523,236	214,148,864
Financial leasing	30,391,059	41,107,213	3,359,456	8,988,350	28,759,407	-
Trade payables	232,073,338	235,579,384	161,172,260	74,407,124	-	-
- <i>Related parties</i>	121,754	125,768	125,768	-	-	-
- <i>Other parties</i>	231,951,584	235,453,616	161,046,492	74,407,124	-	-
Other liabilities	59,392,122	59,392,122	33,553,058	25,839,064	-	-
- <i>Related parties</i>	5,274,970	5,274,970	-	5,274,970	-	-
- <i>Other parties</i>	54,117,152	54,117,152	33,553,058	20,564,094	-	-
	1,741,207,669	1,869,470,545	318,256,114	661,782,924	675,282,643	214,148,864

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Foreign currency risk

The effects occurring from exchange rate fluctuation, in case of having foreign currency assets, liabilities, off-balance sheet liabilities, are foreign currency risk. Transactions in foreign currencies during the year have been translated at the exchange rate prevailing at dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet dates. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the statement of profit/loss. Monetary liabilities of the Group exceed monetary assets of the Group; in case of exchange rate rise, the Group is exposed to foreign currency risk.

As of 31 December 2021, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 163,575,609 more/less. (%20 evaluation/devaluation : 327,151,219 TRY).

Foreign currency risk sensitivity

	Profit/ (Loss)		Shareholders' Equity	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
In the case of increasing / losing value of TRY by 10% against USD				
1- USD net asset / liability	(44,064,415)	44,064,415	(44,064,415)	44,064,415
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(44,064,415)	44,064,415	(44,064,415)	44,064,415
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(120,853,526)	120,853,526	(120,853,526)	120,853,526
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(120,853,526)	120,853,526	(120,853,526)	120,853,526
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	1,342,332	(1,342,332)	1,342,332	(1,342,332)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	1,342,332	(1,342,332)	1,342,332	(1,342,332)
TOTAL (3+6+9)	(163,575,609)	163,575,609	(163,575,609)	163,575,609

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As of 31 December 2020, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 109,947,496 more/less. (%20 evaluation/devaluation: 219,894,990 TRY).

Foreign currency risk sensitivity

	Profit/ (Loss)		Shareholders' Equity	
	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY
In the case of increasing / losing value of TRY by 10% against USD				
1- USD net asset / liability	(14,449,901)	14,449,901	(14,449,901)	14,449,901
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(14,449,901)	14,449,901	(14,449,901)	14,449,901
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(97,466,605)	97,466,605	(97,466,605)	97,466,605
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(97,466,605)	97,466,605	(97,466,605)	97,466,605
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	1,954,761	(1,954,761)	1,954,761	(1,954,761)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8))	1,954,761	(1,954,761)	1,954,761	(1,954,761)
In the case of increasing / losing value of TRY by 10% against CHF				
10- CHF net asset / liability	14,249	(14,249)	14,249	(14,249)
11- Part of hedged from CHF risk (-)	-	-	-	-
12- CHF net effect(10+11)	14,249	(14,249)	14,249	(14,249)
TOTAL (3+6+9+12)	(109,947,496)	109,947,496	(109,947,496)	109,947,496

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Interest Rate Risk

The Group’s financial liabilities exposure the Group to interest rate risk. The Group’s financial liabilities mainly consist of fixed rate borrowings. As of 31 December 2021, according to the current balance sheet position, in the case of 1% decrease / increase and keeping fixed all the variables the Group’s net profit will increase / decrease TRY 4,354,602.

Risk of intensification of sales

During the reporting periods ending on 31 December 2021 and 2020, the risk of intensification of the Group's sales is due to sales from textile sector operations.

The sales activities of the Group are determined according to fluctuations in the domestic and overseas markets and competition conditions. It is taken care of to not to concentrate on a specific sector, country, person and Group in terms of dissolving risks. Even so, as of 31 December 2021, the share of the largest buyer in the revenue from textile sector operations is 36.76% (31 December 2020: 46.25%). The customer mentioned is a major international supplier and the commercial relation between the customer and the Group has been maintained for many years.

The share of the largest buyers in the revenue from agriculture sector operations is 89.72%. (31 December 2020 89.71%) Domestic sales of dried fruits (grape, fig and apricot) produced by Menderes as subcontractors are made in accordance with the "Sales Agreement" signed between Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş., the related party of the Group and Osman Akça exports these products to different customers abroad.

Percentage of total sales of two buyers with the largest share in total sales of the Group is given below:

Textile:

Customer	01.01.- 31.12.2021	01.01.- 31.12.2020
A Company	36.76%	46.25%
	36.76%	46.25%

Agriculture:

Customer	01.01.- 31.12.2021	01.01.- 31.12.2020
B Company	89.72%	89.71%
	89.72%	89.71%

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As of 31 December 2021, amounts of assets and liabilities of the Group in foreign currency are as follows:
:

31 December 2021	TRY equivalent functional currency	USD	EURO	GBP	CHF
1. Trade Receivables	327,209,773	16,932,416	6,307,854	353,593	-
2a. Monetary Financial Assets (including cash and banks)	129,655,309	7,248,650	1,721,227	393,529	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current Assets (1+2+3)	456,865,082	24,181,066	8,029,081	747,122	-
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	498,709	29,945	6,600	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	498,709	29,945	6,600	-	-
9. Total Assets (4+8)	457,363,791	24,211,011	8,035,681	747,122	-
10. Trade Payables	155,804,866	10,382,169	1,136,157	-	-
11. Financial Liabilities	1,190,385,985	37,180,435	45,912,414	-	-
12a. Other monetary financial liabilities	2,052,650	22,487	115,945	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	1,348,243,501	47,585,091	47,164,516	-	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	744,876,384	9,582,041	40,818,544	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	744,876,384	9,582,041	40,818,544	-	-
18. Total Liabilities	2,093,119,885	57,167,132	87,983,060	-	-
19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	(1,635,756,093)	(32,956,121)	(79,947,379)	747,122	-
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(1,635,756,093)	(32,956,121)	(79,947,379)	747,122	-
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports(*)	1,237,660,119	52,829,210	42,088,921	5,919,394	-
24. Imports(**)	567,722,891	60,212,200	3,371,225	1,633	26,280

(*) The Group has TRY 216,374,620 export for the period of 01.01.-31.12.2021

(**) Group has TRY 5,985 import for the period of 01.01.-31.12.2021.

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As of 31 December 2020, amounts of assets and liabilities of the Group in foreign currency are as follows:

31 December 2020	TRY equivalent functional currency	USD	EURO	GBP	CHF
1. Trade Receivables	230,103,327	18,048,301	9,283,351	1,407,538	-
2a. Monetary Financial Assets (including cash and banks)	40,288,332	2,653,703	2,218,172	68,914	17,200
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current Assets (1+2+3)	270,391,659	20,702,004	11,501,523	1,476,452	17,200
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	107,538	14,650	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	107,538	14,650	-	-	-
9. Total Assets (4+8)	270,499,197	20,716,654	11,501,523	1,476,452	17,200
10. Trade Payables	99,809,138	11,613,522	1,604,619	10,643	-
11. Financial Liabilities	559,580,509	7,953,285	55,639,985	-	-
12a. Other monetary financial liabilities	221,379	20,896	7,548	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	659,611,026	19,587,703	57,252,152	10,643	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	712,371,294	20,410,372	62,450,622	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	712,371,294	20,410,372	62,450,622	-	-
18. Total Liabilities	1,371,982,320	39,998,075	119,702,774	10,643	-
19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)	2,008,173	(403,750)	-	500,000	-
19a. Off-balance sheet foreign currency derivative assets	6,807,025	250,000	-	500,000	-
19b. Off-balance sheet foreign currency derivative liabilities	4,798,852	653,750	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	(1,099,474,951)	(19,685,171)	(108,201,251)	1,965,809	17,200
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(1,101,483,123)	(19,281,421)	(108,201,251)	1,465,809	17,200
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports(*)	1,176,229,076	31,647,736	37,763,624	3,920,867	-
24. Imports(**)	448,014,684	47,415,661	15,862,389	29,128	11,299

(*) The Group has TRY 596,090,248 export for the period of 01.01.-31.12.2020.

(**) The Group has TRY 295,225 import for the period of 01.01.-31.12.2020.

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NOTE 33 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The estimated fair values of financial instruments have been determined by the Group using available markets information in Turkey and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented here in are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions are utilized for the current values of financial instruments which are predictable in practice;

Financial Assets

Monetary assets for which fair value approximates carrying value:

- Balances denominated in foreign currencies are converted at period exchange rates.
- The fair value of certain financial assets carried at cost, including cash and cash equivalents are considered to approximate their respective carrying amounts in the financial statements.
- The carrying value of trade receivables, net of allowances for possible non-recovery of uncollectible are considered to approximate their fair values.

Financial Liabilities

Monetary liabilities for which fair value approximates carrying value:

- The fair value of short-term bank loans and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.
- The fair values of long-term bank borrowings, which are denominated in foreign currencies and converted at period exchange rates, are considered to approximate their carrying values.
- The carrying amount of accounts payable and accrued expenses reported in the financial statements for estimated third party payer set TRY amounts approximates its fair values.

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Capital Risk Management

In capital management, the Group aims at enhancing profitability while keeping a reasonable leverage, on the other hand rendering sustainability in its operations.

The Group follows capital by using debt to equity ratio. This rate is found by dividing net debt to total equity. Net debt is calculated by deducting cash and cash equivalents from total payable amount (as shown in balance sheet, trade and other payables and loans). Total capital, as shown in balance sheet, is calculated by adding up equity and net debt.

As of 31 December 2021 and 2020, net debt / total equity ratio is as follows:

	31.12.2021	31.12.2020
Total debts	2,783,246,463	1,954,558,666
Liquid assets	(118,035,517)	(47,437,939)
Net debt	2,665,210,946	1,907,120,727
Total equity	1,022,106,078	720,602,145
Total capital	3,687,317,024	2,627,722,872
Net Debt/Total Capital	72%	73%

Fair Value Estimate

The classification of the group's financial assets and liabilities measured at fair value is represented below:

Level 1: Market price valuation techniques for the determined assets and liabilities traded in markets (unadjusted);

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: Inputs for the asset or liability that are not based on observable market (unobservable inputs).

The group's assets/(liabilities) measured at fair value are presented below:

31.12.2021	Level 1	Level 2	Level 3	Total
Assets				
Land	-	107,180,000	-	107,180,000
Underground and above ground layouts	-	115,430,000	-	115,430,000
Buildings	-	366,345,000	-	366,345,000
Machinery, plant and devices	-	1,351,855,000	-	1,351,855,000

31.12.2020	Level 1	Level 2	Level 3	Total
Land	-	83,849,800	-	83,849,800
Buildings	-	228,897,800	-	228,897,800
Machinery, plant and devices	-	983,741,171	-	983,741,171
Derivative instruments	-	78,173	-	78,173

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As of 31 December 2021, the classes and fair values of financial instruments are as follows;

31.12.2021	Financial assets and liabilities shown at amortized value	Financial assets at fair value differences in income statement	Book Value	Note
Financial Assets				
Cash and cash equivalents	118,035,517	-	118,035,517	4
Financial investments	-	-	-	5
Commercial receivables	373,941,123	-	373,941,123	6
Other receivables	161,918,042	-	161,918,042	8
Financial Liabilities				
Financial borrowings	2,080,663,575	-	2,080,663,575	7
Trade payables	293,912,845	-	293,912,845	6
Other payables	7,984,705	-	7,984,705	8

As of 31 December 2020, the classes and fair values of financial instruments are as follows;

31.12.2020	Financial assets and liabilities shown at amortized value	Financial assets at fair value differences in income statement	Book Value	Note
Financial Assets				
Cash and cash equivalents	47,437,939	-	47,437,939	4
Commercial receivables	290,476,101	-	290,476,101	6
Other receivables	139,338,712	-	139,338,712	8
Financial Liabilities				
Financial borrowings	1,449,963,517	-	1,449,963,517	7
Trade payables	232,073,338	-	232,073,338	6
Other payables	11,424,477	-	11,424,477	8

NOTE 34 – FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/INDEPENDENT AUDIT FIRMS

The Group’s explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated August 19,2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30,2021, are as follows:

Independent audit fee for the reporting period	01.01.- 31.12.2021	01.01.- 31.12.2020
Audit and assurance fee	325,000	280,000
Fee for other assurance services	2,500	32,500
	327,500	312,500